Multi-platform competition with price setting sellers

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We consider a model of platform competition in two-sided markets where sellers can direct their sales to buyers in the same platform. When cross-group network externality is large, asymmetric equilibria arise involving a dominant platform with larger seller and buyer bases than other competitors. In any asymmetric equilibria, the dominant platform charges a higher fixed fee, and earns a higher profit, resulting in market dominance. Though there is always a symmetric equilibrium, only asymmetric equilibria are stable, whenever they exist. Moreover, asymmetric equilibria are socially efficient than symmetric outcomes, regardless of the magnitude of cross-group externality and consumers' heterogeneity.