

# Price Discrimination in Many-to-Many Matching Markets\*

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## Abstract

This paper studies second-degree price discrimination in matching markets, that is, in markets where the product sold by a platform is access to other agents. In order to investigate the optimality of a large variety of pricing strategies, we tackle the problem from a mechanism design approach and allow the platform to offer *any* many-to-many matching rule that satisfies a weak reciprocity condition. In this context, we derive necessary and sufficient conditions for the welfare- and the profit-maximizing mechanisms to employ a *single network* or to offer a menu of non-exclusive networks (*multi-homing*). We characterize the matching schedules that arise under a wide range of preferences and deliver testable comparative statics results that relate the pricing strategies of a profit-maximizing platform to conditions on demand and the distribution of match qualities. Our analysis sheds light on the distortions brought in by the private provision of broadcasting, health insurance and job matching services.

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