

On-line Supplement to:

Ownership and control rights in Internet portal alliances, 1995-1999

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Discussion

These tables are designed as a supplement to “Ownership and Control Rights in Internet Portal Alliances, 1995-1999.” The reader is asked to refer to that document for a general overview and all citations to the literature.

Table S1 presents the relationship between selected contractual provisions relating to control, exclusivity, completeness, and payments in the 106 alliance contracts studied in this paper.

In **Table S2**, we analyze the division of ownership among the parties. To perform this analysis, we first divided the observations by four measures: the date of the agreement, the relative effort required of the two parties, the relative traffic on the two parties’ Internet sites (as measured through the sites’ reach), and the relative financial strength of the contracting parties (as measured through revenues in the previous four quarters). The first two measures were divided roughly into thirds: we placed approximately the same number of observations in each of the three time and effort categories. It did not, however, make as much sense to divide the traffic and financial measures in this way. For instance, it was unclear whether a distinction between a portal that was visited five times more often than the partner and one that was visited ten times more often was very meaningful. Thus, we divided the observations into those where the portal was visited at least three times more often or had three times greater revenues than the partner, those where this held for the partner, and intermediate cases. As a result, the number of observations in these cells was not even. In particular, there were relatively few cases where the partner had significantly greater reach than the portal. In the cases where site visitation (or revenue) data were missing, we assumed that the other party had greater reach (or revenues). We corroborated this assumption by examining the reported site visits (or revenues) once the partner began to be reported by Media Metrix (or revealed its financial position in later SEC filings). As Table S2 shows, ownership did not display a significant pattern across time, or with relative traffic or revenues of the two parties. But

there was a sharp difference with who provided the greatest effort in the alliance. Panel D reports that among the alliances where the partner made the greatest effort after the agreement was signed, 1.6 more ownership rights (out of the possible three) were assigned to the partner. Among those where the portal made the greatest effort, 1.0 more ownership rights were assigned to the portal. For each of the ownership provisions analyzed, the effects were significant at the one-percent confidence level. The division of ownership was quite consistent with the predictions in incomplete contracting literature, such as Grossman and Hart (1986).

In **Table S3**, we employed an ordered logit specification using the sum of the three ownership provisions as the dependent variable. This specification avoided some of the problems posed by the differing importance of the various ownership rights. This specification treated an alliance assigning two ownership rights to the portal as more favorable to the portal than one with one such rights, but not necessary twice as favorable. In each of the regressions reported in Table S3, the relative effort was positive and statistically significant. The effects were large as well: at the mean of the independent variables, a one standard deviation increase in the effort variable shifted the predicted allocation of ownership from an even division to +1 (one additional ownership right assigned to the portal). Similarly, a one standard deviation reduction in effort led to a predicted ownership of -1. The results were robust to the use of alternative measures for the relative popularity of the two parties' sites and their relative financial condition,¹ as well as to the addition of controls for the type of transaction and the portal. In unreported regressions, we employed an ordinary least squares specification rather than an ordered logit one, and added controls for the age of the portal and partner. The results continued to be robust to these changes.

¹The sample size shrank when we used the difference between the financial measures or especially the site popularity measures. This is because we did not include observations in these regressions where one of the parties was missing data, which frequently was the case for newly established partners.

In **Table S4**, we analyzed several sub-samples of alliances and found ownership to be highly sensitive to allocation of effort in each case. We first divide the sample into contracts that specified the development of a new co-branded site and those that did not. Alliances that specified a new co-branded site involved relationship specific assets that the researchers could identify. For this sub-sample, the allocation of effort is significant with and without controls for the commercial focus of the alliance and for the portals involved. Likewise for each individual deal type (category of commercial focus for the alliance), the coefficient on allocation of effort was significant.

In **Table S5**, we explore the relationship between individual control provisions and the four independent variables that we constructed for Table S3 above. Unlike the depiction in the theoretical literature—which often does not make a clear distinction between the division of ownership and control—here a distinct pattern appeared. The effort required of the portal did not appear to have a linear effect on the allocation of control. As Panel M reports, it was those agreements near the median in the division of effort where the most control rights were granted the portal. The bargaining power of the two contracting parties appeared to have the most dramatic impact on the allocation of control rights. For six out of twelve control rights, when the portal had much greater revenues than the partner, significantly more rights were assigned to the portal. These results continued to hold when we examined the aggregate number of control rights granted in Panel M. In a similar vein, when portals had significantly more reach, they obtained more control rights.

In **Table S6** we employed the sum of control rights as the dependent variable in an ordered logit regression.² As the table displays, the measure of the relative visitations to the two parties' sites remained significant, whether we used the three-category variable used in Tables S3 and S5 or the difference

²The set of control rights we analyze in this paper represent only a subset of all of the possible control rights that could be granted by either party. In this sense our composite measures of the allocation of control rights in the alliance are noisy.

between the two parties on several dimensions.³ As discussed in the paper, the results were significant economically. At the mean of the other independent variables, a shift from the partner having a greater reach than the portal to an even division changed the predicted division of control rights from being on a borderline between an even division and +1 to having one control right assigned to the portal. When the portal had the greater reach, the predicted allocation of control rights was +2. The results were robust to a number of changes to the specification.

As discussed in the paper, bargaining power is not the only explanation for the division of control rights that is observed in the sample. An alternative explanation is that control rights are introduced into a contract to mitigate franchise risk. Because some of the control provisions are more likely to mitigate franchise risk than others, the data set does give us some ability to distinguish between the two theories.⁴ Toward this end, we generated two alternative composite control measures. **Table S7** describes the construction of these alternative measures. First, we excluded provisions related to content restrictions from the composite control measure; in the resulting regressions, relative reach remains significant in the basic specification and after the addition of deal type and portal controls as well as in regressions using alternative measures of relative reach. **Table S8** reports these results. Second, we excluded provisions related to both content restrictions *and* provisions relating to control over “look and feel” from the composite control measure. After making this adjustment, relative reach is nearly significant at the $p < 0.1$ level in the basic specifications and is not significant when controls for deal type are added. When alternative measures of relative reach are used on the subset of alliances for which they are available, however, relative reach is highly significant. **Table S9** reports these results. Moreover, in these

³The correlation between the two measures of relative bargaining power—relative sales and relative reach—was 0.20. Therefore, eliminating either of the measures of relative bargaining power from the regression analysis increased the coefficient of the remaining measure, strengthening any claims of significance.

⁴For example, some control provisions, such as approving all of the partner's content, seemed designed to mitigate franchise risk, while others, such as allowing for frames to be used did not.

regressions, relative financial strength, another potential measure of bargaining power, is highly significant. Thus, stripping away the issue of franchise risk, relative bargaining power still seems to have an impact on the allocation of control rights, consistent with Aghion and Tirole (1994).

Table S1

The relationship between selected contract provisions. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. Forty-four common alliance provisions relating to control, contractual completeness, exclusivity, and payment terms are described. These provisions were coded as +1 if present and 0 otherwise. The cells present the likelihood (in percentage terms) that column provision is included in the contract if the row provision is present.

If this Contractual Provision is Present How Often is this Contractual Provision Present?									
	1. Specification	2. Approval	3. Portal Standards	4. Partner Standards	5. Portal "Look and Feel"	6. Partner "Look and Feel"	7. Mention	8. Ad Copy	9. Specific Browser	10. Software
Control:										
1. Specification of Partner Line of Business		24%	48%	4%	17%	37%	45%	0%	27%	17%
2. Explicit Approval of Partner Content	29		17	5	58	13	9	4	21	21
3. Conformance to Portal Standards	53	15		7	15	44	52	4	41	19
4. Conformance to Partner Standards	20	20	40		40	20	0	0	20	0
5. Portal determines site's "look and feel"	15	41	12	6		0	3	0	12	12
6. Partner determines site's "look and feel"	46	12	50	4	0		54	8	38	21
7. Requirement to Mention Other Party	65	10	70	0	5	65		15	35	20
8. Approval of Advertising Copy	0	33	33	0	0	67	100		33	0
9. Partner Required to Optimize Site for Specific Browser	44	28	61	6	22	50	39	6		22
10. Partner Required to Use Specific Software	36	36	36	0	29	36	29	0	29	
11. Partner Required to Use Frames	38	23	21	0	27	23	17	3	20	7
12. Partner Required to Return User to Portal Site	74	16	68	5	0	47	63	5	42	5
13. Portal Receives Equity in Partner	25	25	42	0	25	33	25	0	25	8
14. Portal Receives Board Observation Rights	0	100	0	0	100	0	0	0	100	100
Completeness:										
15. Minimum Number of Impressions	34	19	30	15	26	29	26	4	16	14
16. Minimum Number of Targeted Impressions	22	22	11	13	11	11	22	22	11	0
17. Minimum Number of Click-Throughs	20	20	0	0	40	20	20	0	20	0
18. Minimum Revenue	57	21	43	7	28	43	43	7	21	29
19. Minimum Number of New Customers	0	33	0	33	33	0	0	0	0	0
20. Speed Targets	45	16	39	7	39	29	29	3	32	16
21. Uptime Targets	50	27	40	7	40	30	27	0	33	17
22. Customer Service Targets	69	14	71	0	21	43	57	7	43	21
23. Competitive Ranking Targets	60	27	40	0	40	27	40	7	27	13
Portal Exclusivity:										
24. Portal Cannot Establish Any Agreements with Competitors	29	23	26	12	37	19	19	0	7	7
25. Portal Cannot Establish More than N Agreements with Competitors	22	22	11	0	11	44	11	0	22	33
26. Portal Cannot Advertise Competitors	41	18	24	12	41	29	24	0	18	18
27. Portal Cannot Advertise Competitors in Certain Areas	29	29	14	0	21	21	11	0	18	4
28. Portal Cannot Advertise Competitors on a Continuous Basis	25	0	0	25	0	50	25	0	0	0
29. Portal Cannot Link to Competitors	21	36	7	14	57	7	14	0	7	7
30. Portal Grants Competitors Excl. Use of Keywords / Search Terms	20	40	0	25	20	20	0	0	0	0
31. Portal Grants Competitors a Fraction of Keywords / Search Terms	30	20	10	11	30	20	10	0	10	0
Partner Exclusivity:										
32. Partner Cannot Establish Any Agreements with Competitors	14	50	13	0	75	13	0	0	25	13
33. Partner Cannot Establish Certain Agreements with Competitors	50	25	38	0	25	25	38	0	25	63
34. Partner Cannot Advertise Competitors	58	8	50	9	33	33	42	8	50	0
35. Partner Cannot Advertise Competitors in Certain Areas	67	11	56	0	0	44	56	0	33	11
36. Partner Cannot Advertise Competitors on a Continuous Basis	0	50	0	0	0	0	50	50	0	0
37. Partner Must Promote Portal at least as Prominently as Competitors	42	17	42	0	33	42	50	0	25	42
38. Partner Cannot Link to Competitors	80	10	40	0	10	20	40	10	40	0
Payments:										
39. Fixed Payment	33	22	31	9	22	28	19	3	19	0
40. Payment Based on Product Sales	42	16	30	0	19	32	29	3	26	16
41. Payment Based on Gross Margin	100	50	50	0	50	0	50	0	0	0
42. Payment Based on New Customers / Subscribers	11	30	10	0	40	20	10	0	0	0
43. Payment Based on Advertising Revenue	38	23	28	8	37	19	30	7	19	9
44. Payment Exclusively from Partner to Portal	30	22	25	4	30	26	20	3	16	12

Table S1 (Part 2)

If this Contractual Provision is Present How often is this Contractual Provision Present?									
	11. Frames	12. Return	13. Equity	14. Board	15. Impressions	16. Targeted Impressions	17. Click-Throughs	18. Revenue	19. Customers	20. Speed
Control:										
1. Specification of Partner Line of Business	38%	48%	11%	0%	83%	7%	3%	27%	0%	50%
2. Explicit Approval of Partner Content	29	13	13	4	54	8	4	13	4	21
3. Conformance to Portal Standards	22	48	18	0	78	4	0	22	0	48
4. Conformance to Portal Standards	0	20	0	0	20	20	0	20	20	40
5. Portal determines site's "look and feel"	24	0	9	3	53	3	6	12	3	35
6. Partner determines site's "look and feel"	29	38	17	0	83	4	4	25	0	38
7. Requirement to Mention Other Party	25	60	15	0	90	10	5	30	0	50
8. Approval of Advertising Copy	33	33	0	0	100	67	0	33	0	33
9. Partner Required to Optimize Site for Specific Browser	33	44	17	6	61	6	6	17	0	56
10. Partner Required to Use Specific Software	14	7	7	7	71	0	0	29	0	38
11. Partner Required to Use Frames		27	17	0	77	7	3	13	0	27
12. Partner Required to Return User to Portal Site	42		16	0	89	11	5	32	5	65
13. Portal Receives Equity in Partner	42	25		0	58	0	8	17	0	50
14. Portal Receives Board Observation Rights	0	0	0		0	0	0	0	0	100
Completeness:										
15. Minimum Number of Impressions	33	24	10	0		11	4	20	3	28
16. Minimum Number of Targeted Impressions	22	22	0	0	89		11	11	11	33
17. Minimum Number of Click-Throughs	20	20	20	0	60	20		0	0	40
18. Minimum Revenue	29	43	14	0	100	7	0		7	57
19. Minimum Number of New Customers	0	33	0	0	67	33	0	33		33
20. Speed Targets	26	35	20	3	61	10	6	26	3	
21. Uptime Targets	23	30	21	3	60	7	7	23	3	86
22. Customer Service Targets	21	50	23	0	64	7	0	43	0	85
23. Competitive Ranking Targets	53	60	27	0	87	20	13	27	7	67
Portal Exclusivity:										
24. Portal Cannot Establish Any Agreements with Competitors	35	16	19	0	74	7	7	19	7	28
25. Portal Cannot Establish More than N Agreements with Competitors	22	11	0	0	89	22	11	11	0	44
26. Portal Cannot Advertise Competitors	41	18	0	0	94	6	12	24	6	29
27. Portal Cannot Advertise Competitors in Certain Areas	46	21	14	0	79	11	7	14	0	25
28. Portal Cannot Advertise Competitors on a Continuous Basis	0	0	25	0	50	25	0	0	25	25
29. Portal Cannot Link to Competitors	43	0	7	0	86	21	14	7	7	0
30. Portal Grants Competitors Excl. Use of Keywords / Search Terms	60	0	20	0	80	40	20	0	20	20
31. Portal Grants Competitors a Fraction of Keywords / Search Terms	30	20	10	0	90	10	10	20	0	22
Partner Exclusivity:										
32. Partner Cannot Establish Any Agreements with Competitors	25	13	13	13	50	0	13	13	25	25
33. Partner Cannot Establish Certain Agreements with Competitors	0	13	13	13	63	13	0	38	0	50
34. Partner Cannot Advertise Competitors	42	58	33	0	83	8	17	42	8	83
35. Partner Cannot Advertise Competitors in Certain Areas	44	67	11	0	89	11	11	0	0	50
36. Partner Cannot Advertise Competitors on a Continuous Basis	50	100	0	0	100	50	0	100	50	50
37. Partner Must Promote Portal at least as Prominently as Competitors	17	8	0	0	83	8	0	17	0	33
38. Partner Cannot Link to Competitors	40	60	20	0	80	30	20	30	0	60
Payments:										
39. Fixed Payment Only	39	31	14	0	75	8	3	8	6	31
40. Payment Based on Product Sales	45	26	13	0	71	13	0	26	0	40
41. Payment Based on Gross Margin	50	50	50	0	100	0	0	50	0	50
42. Payment Based on New Customers / Subscribers	30	0	20	0	60	0	10	0	10	20
43. Payment Based on Advertising Revenue	30	21	14	0	60	12	7	21	5	26
44. Payment Exclusively from Partner to Portal	34	19	8	0	77	12	7	12	3	29

Table S1 (Part 3)

If this Contractual Provision is Present How often is this Contractual Provision Present?									
	21. Uptime	22. Cust. Service	23. Comp Ranking	24. No Agreement s	25. Some Agreement s	26. No Ads	27. Ban Certain Ads	28. No Continuous Ads	29. No Links	30. Excl. Keywords
Control:										
1. Specification of Partner Line of Business	53%	32%	35%	41%	7%	24%	27%	3%	10%	3%
2. Explicit Approval of Partner Content	33	8	17	42	8	13	33	0	21	8
3. Conformance to Portal Standards	48	4	25	41	4	15	15	0	4	0
4. Conformance to Partner Standards	40	0	0	100	0	40	0	20	40	20
5. Portal determines site's "look and feel"	35	9	18	47	3	21	18	0	24	3
6. Partner determines site's "look and feel"	38	25	18	33	17	21	25	8	4	4
7. Requirement to Mention Other Party	44	44	38	40	5	20	15	5	10	0
8. Approval of Advertising Copy	0	33	33	0	0	0	0	0	0	0
9. Partner Required to Optimize Site for Specific Browser	56	33	22	17	27	0	6	0	6	11
10. Partner Required to Use Specific Software	38	23	15	21	21	21	7	0	7	0
11. Partner Required to Use Frames	23	10	27	50	7	23	43	0	20	10
12. Partner Required to Return User to Portal Site	53	41	56	37	5	16	32	0	0	0
13. Portal Receives Equity in Partner	50	25	33	67	0	0	33	8	8	8
14. Portal Receives Board Observation Rights	100	0	0	0	0	0	0	0	0	0
Completeness:										
15. Minimum Number of Impressions	27	13	20	46	11	23	31	3	17	6
16. Minimum Number of Targeted Impressions	22	11	33	33	22	11	33	11	33	22
17. Minimum Number of Click-Throughs	40	0	40	60	20	40	40	0	40	20
18. Minimum Revenue	50	43	29	57	7	29	29	0	7	0
19. Minimum Number of New Customers	33	0	33	100	0	33	0	33	33	33
20. Speed Targets	84	39	33	39	13	16	23	3	0	3
21. Uptime Targets	33	33	34	40	10	20	20	3	3	7
22. Customer Service Targets	71	38	43	0	21	14	0	0	0	0
23. Competitive Ranking Targets	67	33	47	7	33	13	0	13	7	
Portal Exclusivity:										
24. Portal Cannot Establish Any Agreements with Competitors	28	14	16	0	33	35	5	28	9	
25. Portal Cannot Establish More than N Agreements with Competitors	33	0	13	0	0	44	11	0	11	
26. Portal Cannot Advertise Competitors	35	18	29	82	0	0	0	53	12	
27. Portal Cannot Advertise Competitors in Certain Areas	21	7	7	54	14	0	4	11	4	
28. Portal Cannot Advertise Competitors on a Continuous Basis	25	0	0	50	25	0	25	25	25	
29. Portal Cannot Link to Competitors	7	0	14	86	0	64	21	7	29	
30. Portal Grants Competitors Excl. Use of Keywords / Search Terms	40	0	20	80	20	40	20	20	80	
31. Portal Grants Competitors a Fraction of Keywords / Search Terms	11	0	0	20	10	20	50	10	20	
Partner Exclusivity:										
32. Partner Cannot Establish Any Agreements with Competitors	25	13	13	63	0	25	13	0	13	0
33. Partner Cannot Establish Certain Agreements with Competitors	50	38	0	50	0	38	25	0	25	0
34. Partner Cannot Advertise Competitors	58	42	50	50	0	33	25	0	8	0
35. Partner Cannot Advertise Competitors in Certain Areas	50	13	29	11	33	0	33	0	0	0
36. Partner Cannot Advertise Competitors on a Continuous Basis	50	0	50	0	0	0	0	0	0	0
37. Partner Must Promote Portal at least as Prominently as Competitors	33	25	18	50	25	33	8	8	25	0
38. Partner Cannot Link to Competitors	30	40	40	40	10	20	40	0	20	0
Payments:										
39. Fixed Payment Only	29	6	20	44	6	22	33	8	14	6
40. Payment Based on Product Sales	43	30	21	39	6	16	42	3	13	6
41. Payment Based on Gross Margin	100	50	100	100	0	50	0	0	50	50
42. Payment Based on New Customers / Subscribers	30	10	10	80	0	20	50	10	0	0
43. Payment Based on Advertising Revenue	29	17	7	49	2	9	23	7	19	5
44. Payment Exclusively from Partner to Portal	23	14	17	47	9	23	34	4	18	7

Table S1 (Part 4)

If this Contractual Provision is Present How often is this Contractual Provision Present?									
	31. Some Keywords	32. No Agreements	33. Some Agreements	34. No Ads	35. Restrict Ads	36. Cont. Ads	37. Promotion	38. No Links	39. Fixed Payment Only	40. Product Sales
Control:										
1. Specification of Partner Line of Business	10%	3%	14%	24%	21%	0%	17%	28%	41%	45%
2. Explicit Approval of Partner Content	8	17	8	4	4	4	8	4	33	21
3. Conformance to Portal Standards	4	4	11	22	19	0	19	15	41	33
4. Conformance to Partner Standards	20	0	0	20	0	0	0	0	60	0
5. Portal determines site's "look and feel"	9	18	6	12	0	0	12	3	24	18
6. Partner determines site's "look and feel"	8	3	8	17	17	0	21	8	42	42
7. Requirement to Mention Other Party	5	0	15	25	25	5	30	20	35	45
8. Approval of Advertising Copy	0	0	0	33	0	33	0	33	33	33
9. Partner Required to Optimize Site for Specific Browser	6	11	11	33	17	0	17	22	39	50
10. Partner Required to Use Specific Software	0	7	36	0	7	0	36	0	0	36
11. Partner Required to Use Frames	10	7	0	17	13	3	7	13	47	47
12. Partner Required to Return User to Portal Site	11	5	5	37	32	11	5	32	58	42
13. Portal Receives Equity in Partner	8	8	8	33	8	0	0	17	42	42
14. Portal Receives Board Observation Rights	0	100	100	0	0	0	0	0	0	0
Completeness:										
15. Minimum Number of Impressions	13	6	7	14	11	3	14	11	39	31
16. Minimum Number of Targeted Impressions	11	0	11	11	11	11	11	33	33	44
17. Minimum Number of Click-Throughs	20	20	0	40	20	0	0	40	20	0
18. Minimum Revenue	14	7	21	36	0	14	14	21	21	57
19. Minimum Number of New Customers	0	67	0	33	0	33	0	0	67	0
20. Speed Targets	6	6	13	32	13	3	13	19	35	39
21. Uptime Targets	3	7	13	23	13	0	13	10	33	43
22. Customer Service Targets	0	7	21	36	7	7	21	29	14	64
23. Competitive Ranking Targets	0	7	0	40	13	7	13	27	47	40
Portal Exclusivity:										
24. Portal Cannot Establish Any Agreements with Competitors	5	12	9	14	2	2	14	9	37	28
25. Portal Cannot Establish More than N Agreements with Competitors	11	0	0	0	33	0	33	11	22	22
26. Portal Cannot Advertise Competitors	12	12	18	24	0	0	24	12	47	29
27. Portal Cannot Advertise Competitors in Certain Areas	18	4	7	11	11	0	4	14	43	46
28. Portal Cannot Advertise Competitors on a Continuous Basis	25	0	0	0	0	0	25	0	75	25
29. Portal Cannot Link to Competitors	14	7	14	7	0	0	21	14	36	29
30. Portal Grants Competitors Excl. Use of Keywords / Search Terms	0	0	0	0	0	0	0	0	40	40
31. Portal Grants Competitors a Fraction of Keywords / Search Terms		20	0	30	10	0	0	2	70	30
Partner Exclusivity:										
32. Partner Cannot Establish Any Agreements with Competitors	25		13	38	0	13	0	13	25	13
33. Partner Cannot Establish Certain Agreements with Competitors	0	13		0	0	0	38	13	0	50
34. Partner Cannot Advertise Competitors	25	25	0		0	8	0	50	58	25
35. Partner Cannot Advertise Competitors in Certain Areas	11	0	0	0		0	11	33	67	22
36. Partner Cannot Advertise Competitors on a Continuous Basis	0	50	0	50	0		0	50	0	50
37. Partner Must Promote Portal at least as Prominently as Competitors	0	0	25	0	8	0		0	8	33
38. Partner Cannot Link to Competitors	20	10	10	60	30	10	0		60	40
Payments:										
39. Fixed Payment Only	19	6	0	19	17	0	3	17		14
40. Payment Based on Product Sales	10	3	13	10	6	3	13	13	16	
41. Payment Based on Gross Margin	0	0	0	50	0	0	0	50	50	0
42. Payment Based on New Customers / Subscribers	0	20	0	10	0	0	0	0	50	20
43. Payment Based on Advertising Revenue	5	14	7	16	7	5	12	16	28	60
44. Payment Exclusively from Partner to Portal										

Table S1 (Part 5)

If this Contractual Provision is Present How often is this Contractual Provision Present?			
	41. Gross Margin	42. New Customers / Subs	43. Share Ad Revenue	44. To Portal Only
Control:				
1. Specification of Partner Line of Business	7	3	55	76
2. Explicit Approval of Partner Content	4	13	42	67
3. Conformance to Portal Standards	4	4	44	67
4. Conformance to Partner Standards	0	0	60	60
5. Portal determines site's "look and feel"	3	12	48	65
6. Partner determines site's "look and feel"	0	8	33	79
7. Requirement to Mention Other Party	5	5	65	75
8. Approval of Advertising Copy	0	0	100	67
9. Partner Required to Optimize Site for Specific Browser	0	0	44	67
10. Partner Required to Use Specific Software	0	0	29	64
11. Partner Required to Use Frames	3	10	43	83
12. Partner Required to Return User to Portal Site	5	0	47	74
13. Portal Receives Equity in Partner	8	17	50	50
14. Portal Receives Board Observation Rights	0	0	0	0
Completeness:				
15. Minimum Number of Impressions	3	9	38	81
16. Minimum Number of Targeted Impressions	0	0	56	100
17. Minimum Number of Click-Throughs	0	20	60	100
18. Minimum Revenue	7	0	64	64
19. Minimum Number of New Customers	0	33	100	67
20. Speed Targets	3	6	37	68
21. Uptime Targets	7	10	41	57
22. Customer Service Targets	7	7	50	71
23. Competitive Ranking Targets	13	7	50	80
Portal Exclusivity:				
24. Portal Cannot Establish Any Agreements with Competitors	5	19	50	81
25. Portal Cannot Establish More than N Agreements with Competitors	0	0	11	78
26. Portal Cannot Advertise Competitors	6	12	25	100
27. Portal Cannot Advertise Competitors in Certain Areas	0	18	36	89
28. Portal Cannot Advertise Competitors on a Continuous Basis	0	25	75	75
29. Portal Cannot Link to Competitors	7	0	57	93
30. Portal Grants Competitors Excl. Use of Keywords / Search Terms	20	0	40	100
31. Portal Grants Competitors a Fraction of Keywords / Search Terms	0	10	20	90
Partner Exclusivity:				
32. Partner Cannot Establish Any Agreements with Competitors	0	25	86	63
33. Partner Cannot Establish Certain Agreements with Competitors	0	0	38	63
34. Partner Cannot Advertise Competitors	8	8	64	92
35. Partner Cannot Advertise Competitors in Certain Areas	0	0	33	44
36. Partner Cannot Advertise Competitors on a Continuous Basis	0	0	100	50
37. Partner Must Promote Portal at least as Prominently as Competitors	0	0	42	67
38. Partner Cannot Link to Competitors	10	0	70	80
Payments:				
39. Fixed Payment Only	3	14	34	78
40. Payment Based on Product Sales	0	6	45	80
41. Payment Based on Gross Margin		0	50	50
42. Payment Based on New Customers / Subscribers	0		33	90
43. Payment Based on Advertising Revenue	3	7		56
44. Payment Exclusively from Partner to Portal	1	12	33	

Table S2

The allocation of ownership in portal alliances. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. Observations are divided by the date of the agreement, the relative effort required of the portal and partner, the relative reach of the portal and the partner in the month before the signing of the contract, and the relative sales of the portal and the partner in the quarter before the signing of the contract. The table presents the ownership of the URL, servers, and customer data, as well as a composite consisting of the sum of all four measures. +1 denoted a case where the ownership was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases. The rightmost column presents the test statistics from χ^2 -tests of the significance of these differences (F-tests in the case of the composite variable. For the F-tests, the null hypothesis is that the mean value of the composite measure in each category is equal to the mean of the entire sample.)

Panel A: Ownership of URL				
	Average Ownership for Alliances When...			<i>Test Statistic</i>
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	
Is this a late agreement?	0.06	0.28	0.46	7.22
Is most effort required of portal?	-0.05	0.42	0.50	***23.80
Does portal have greater reach?	0.33	0.06	0.29	2.66
Does portal have greater revenues?	0.48	0.00	0.22	2.52
Panel B: Ownership of Server				
	Average Ownership for Alliances When...			<i>Test Statistic</i>
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	
Is this a late agreement?	-0.62	-0.28	-0.50	4.57
Is most effort required of portal?	-0.90	-0.49	0.50	***51.73
Does portal have greater reach?	-0.33	0.39	-0.46	2.47
Does portal have greater revenues?	-0.14	-0.50	-0.52	*8.32
Panel C: Ownership of Customer Data				
	Average Ownership for Alliances When...			<i>Test Statistic</i>
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	
Is this a late agreement?	-0.38	-0.17	-0.23	3.44
Is most effort required of portal?	-0.61	-0.05	0.00	***34.00
Does portal have greater reach?	0.00	-0.06	-0.31	4.88
Does portal have greater revenues?	-0.19	-0.33	-0.27	1.02
Panel D: Sum of Three Ownership Measures				
	Average Ownership for Alliances When...			<i>Test Statistic</i>
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	
Is this a late agreement?	-0.94	-0.17	-0.27	*2.59
Is most effort required of portal?	-1.56	-0.12	1.00	***32.61
Does portal have greater reach?	0.00	-0.39	-0.47	0.14
Does portal have greater revenues?	0.14	-0.83	-0.57	1.91

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.

Table S3

Ordered logit regression analyses of the allocation of ownership in portal alliances. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. The dependent variable is the sum of measures of the ownership of the URL, servers, and customer data (+1 denoted a case where the ownership was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases.) Independent variables include the year of the agreement, the relative effort required of the portal and partner after the alliance signing on five key dimensions (with those where the most effort is required of the portal coded as -5 and the most effort by the portal as +5), the relative reach of the portal and the partner in the month before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater reach, -1 those where the partner did, and 0 intermediate cases, though in one case the difference in the reach measures is used), and the relative sales of the portal and the partner in the quarter before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater sales, -1 those where the partner did, and 0 intermediate cases, though in one case the difference in the actual sales in billions of 1999 dollars is used). Two regressions include controls for the type of the agreement and the portals entering into the agreements (not reported). Heteroskedastic-consistent standard errors in brackets.

	<i>Basic Specification</i>	<i>Exploring robustness to alternative measures</i>		<i>Controlling for deal type</i>	<i>Controlling for deal type & portal</i>
Year of agreement	*0.39 [0.21]	0.35 [0.30]	0.26 [0.27]	**0.42 [0.18]	0.33 [0.21]
Relative effort required after alliance signing	***0.65 [0.06]	***0.69 [0.09]	***0.58 [0.10]	***0.57 [0.07]	***0.45 [0.07]
Does the portal have greater reach?	0.18 [0.44]	-0.17 [0.66]		0.20 [0.37]	0.28 [0.31]
Difference between portal and partner's reach			-0.50 [0.74]		
Does the portal have greater sales?	-0.19 [0.31]		-0.08 [0.42]	-0.19 [0.37]	0.24 [0.40]
Difference between portal and partner's sales		-0.01 [0.03] ¹			
Did the alliance promote content?				-0.34 [0.68]	-0.66 [0.66]
Did the alliance promote product sales?				0.71 [0.54]	-0.89 [0.49]
Did the alliance involve a service agreement?				0.30 [0.67]	0.50 [0.53]
Number of observations	106	87	64	102	102
Log likelihood	-162.62	-129.73	-98.23	-155.25	-148.87
Pseudo R ²	0.15	0.17	0.14	0.16	0.19

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.

¹ coefficient and standard error multiplied by 10⁻⁴

Table S4

Ordered logit regression analyses of the allocation of ownership in portal alliances for selected sub-samples. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. Two types of sub-samples were analyzed. First, 46 alliances were designated as ‘co-branded’; a co-branded agreement typically involved the creation of new web-pages with brands or service marks identifying both parties. Co-branded and non-cobranding contracts were analyzed separately. Second, the alliances were divided into three sub-samples depending on whether the contract focused on providing a service, content, or product sales. In 9 instances, alliances were determined to have a dual focus, which was typically content and product sales. These agreements were analyzed in both sets of regressions. The dependent variable is the sum of measures of the ownership of the URL, servers, and customer data (+1 denoted a case where the ownership was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases.) Independent variables include the year of the agreement, the relative effort required of the portal and partner after the alliance signing on five key dimensions (with those where the most effort is required of the portal coded as -5 and the most effort by the portal as +5), the relative reach of the portal and the partner in the month before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater reach, -1 those where the partner did, and 0 intermediate cases, though in one case the difference in the reach measures is used), and the relative sales of the portal and the partner in the quarter before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater sales, -1 those where the partner did, and 0 intermediate cases, though in one case the difference in the actual sales in billions of 1999 dollars is used). Coefficients on the relative effort variable only are displayed. Heteroskedastic-consistent standard errors in brackets. P-values for significant coefficients in parentheses.

	<i>All Contracts</i>	<i>Designation:</i>		<i>Service</i>	<i>Focus of Alliance[#]</i>	
		<i>Co-branded</i>	<i>Not Co-branded</i>		<i>Content</i>	<i>Product Sales</i>
<i>Basic Specification</i>						
Observations	106	46	60	42	27	46
Relative Effort	***0.65 [0.06] (<i>p</i> < .001)	***0.76 [0.14] (<i>p</i> < .001)	***0.71 [0.08] (<i>p</i> < .001)	**0.25 [0.11] (<i>p</i> = .027)	***0.81 [0.18] (<i>p</i> < .001)	***1.08 [0.24] (<i>p</i> < .001)
<i>Controlling for Deal Type</i>						
Observations	102	44	60	N/A	N/A	N/A
Relative Effort	***0.57 [0.07] (<i>p</i> < .001)	***0.64 [0.16] (<i>p</i> < .001)	***0.67 [0.14] (<i>p</i> < .001)			
<i>Controlling for Deal Type and Portal</i>						
Observations	102	44	58	N/A	N/A	N/A
Relative Effort	***0.45 [0.07] (<i>p</i> < .001)	**0.51 [0.23] (<i>p</i> = .029)	***0.66 [0.20] (<i>p</i> = .001)			

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.

Some alliances had two areas of focus

Table S5

The allocation of control in portal alliances. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. Observations are divided by the date of the agreement, the relative effort required of the portal and partner, the relative reach of the portal and the partner in the month before the signing of the contract, and the relative sales of the portal and the partner in the quarter before the signing of the contract. The table presents several measures of allocation of control: whether one party's line of business is specified, the material must be explicitly approved by one party, the material must conform to one party's standard, the "look and feel" of the material is determined by one party, one party must mention the other in its advertising, and the advertising copy must be approved by one party. (+1 denoted a case where control was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases.) The table also reports the presence of a variety of control rights that the portal may exercise over the partner: that the partner must optimize the site for the portal's software or employ the portal's software, that the partner must use frames or other navigational devices, that a good faith effort must be made to return users to the portal, and that the portal receives equity in and board observers rights at the partner. (+1 denoted a case where control was assigned to the portal and 0 where it was not.) The table also presents a composite consisting of the sum of all 12 measures. The rightmost column presents the test statistics from χ^2 -tests of the significance of these differences (F-tests in the case of the composite variable. For the F-tests, the null hypothesis is that the mean value of the composite measure in each category is equal to the mean of the entire sample.)

Panel A: Specification of Line-of-Business					
	Average Control for Alliances When...			Test Statistic	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>		
Is this a late agreement?	0.21	0.20	0.50	**8.68	
Is most effort required of portal?	0.30	0.33	0.14	2.79	
Does portal have greater reach?	0.00	0.00	0.35	***10.02	
Does portal have greater revenues?	0.05	0.33	0.33	**6.32	
Panel B: Explicit Approval of Content					
	Average Control for Alliances When...			Test Statistic	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>		
Is this a late agreement?	0.24	0.22	0.23	0.04	
Is most effort required of portal?	0.12	0.33	0.23	*4.97	
Does portal have greater reach?	0.33	0.22	0.23	0.20	
Does portal have greater revenues?	0.19	0.17	0.24	0.37	
Panel C: Conformance to Posted Standards					
	Average Control for Alliances When...			Test Statistic	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>		
Is this a late agreement?	0.24	0.14	0.32	2.48	
Is most effort required of portal?	0.23	0.29	0.05	5.80	
Does portal have greater reach?	0.00	0.00	0.27	7.63	
Does portal have greater revenues?	-0.10	0.33	0.29	***16.33	
Panel D: Determination of Site's "Look and Feel"					
	Average Control for Alliances When...			Test Statistic	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>		
Is this a late agreement?	0.06	0.22	-0.08	5.43	
Is most effort required of portal?	-0.12	0.09	0.50	**10.38	
Does portal have greater reach?	0.00	0.11	0.09	0.27	
Does portal have greater revenues?	0.57	0.17	-0.04	**11.61	
Panel E: Requirement to Mention Other Party in Advertising					
	Average Control for Alliances When...			Test Statistic	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>		
Is this a late agreement?	0.24	0.13	0.23	1.80	
Is most effort required of portal?	0.24	0.23	0.00	**6.47	
Does portal have greater reach?	0.00	0.11	0.21	1.70	
Does portal have greater revenues?	0.05	0.00	0.24	*5.51	

Panel F: Approval of Advertising Copy					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.06	0.02	0.00	1.98	
Is most effort required of portal?	0.05	0.02	0.00	1.31	
Does portal have greater reach?	0.00	0.06	0.02	0.64	
Does portal have greater revenues?	0.00	0.00	0.04	1.06	
Panel G: Partner Required to Optimize Site for Viewing					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.18	0.17	0.15	0.06	
Is most effort required of portal?	0.12	0.28	0.05	**6.72	
Does portal have greater reach?	0.33	0.11	0.18	1.04	
Does portal have greater revenues?	0.00	0.00	0.23	**7.41	
Panel H: Partner Required to Use Certain Software					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.24	0.07	0.12	*5.02	
Is most effort required of portal?	0.10	0.19	0.09	1.84	
Does portal have greater reach?	0.00	0.17	0.13	0.65	
Does portal have greater revenues?	0.10	0.00	0.15	1.43	
Panel I: Partner Required to Use Frames or Other Navigational Devices					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.26	0.24	0.38	1.81	
Is most effort required of portal?	0.37	0.19	0.32	3.51	
Does portal have greater reach?	0.33	0.17	0.31	1.45	
Does portal have greater revenues?	0.24	0.50	0.28	1.61	
Panel J: Partner Required to Try to Return Users					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.24	0.09	0.27	*4.82	
Is most effort required of portal?	0.24	0.21	0.00	**6.23	
Does portal have greater reach?	0.00	0.00	0.22	*5.72	
Does portal have greater revenues?	0.00	0.17	0.23	*5.86	
Panel K: Portal Receives Equity in Partner					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.06	0.11	0.20	2.86	
Is most effort required of portal?	0.10	0.14	0.09	0.57	
Does portal have greater reach?	0.33	0.00	0.13	3.97	
Does portal have greater revenues?	0.00	0.33	0.13	*5.71	
Panel L: Portal Receives Board Observation Rights					
	Average Control for Alliances When...			<i>Test</i>	
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	<i>Statistic</i>	
Is this a late agreement?	0.03	0.00	0.00	2.11	
Is most effort required of portal?	0.00	0.02	0.00	1.51	
Does portal have greater reach?	0.00	0.00	0.01	0.25	
Does portal have greater revenues?	0.00	0.00	0.01	0.35	

Panel M: Sum of Twelve Control Measures				
	Average Control for Alliances When...			<i>Test Statistic</i>
	<i>False</i>	<i>Intermediate</i>	<i>True</i>	
Is this a late agreement?	2.00	1.57	2.29	1.57
Is most effort required of portal?	1.69	2.34	1.32	*3.06
Does portal have greater reach?	1.00	1.27	1.68	**3.55
Does portal have greater revenues?	0.95	2.00	2.12	**4.04

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.

Table S6

Ordered logit regression analyses of the allocation of control in portal alliances. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. The dependent variable is the sum of twelve measures of the allocation of control (+1 denoted a case where the control was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases.) Independent variables include the year of the agreement, the relative effort required of the portal and partner after the alliance signing on five key dimensions (with those where the most effort is required of the portal coded as -5 and the most effort by the portal as +5), the relative reach of the portal and the partner in the month before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater reach, -1 those where the partner did, and 0 intermediate cases, though in one case each the difference in the reach measures, the mean days spent in each month on the site per Internet user, and the mean monthly minutes per Internet user are used), and the relative sales of the portal and the partner in the quarter before the signing of the contract (+1 denoted a case where the portal has the greater sales, -1 those where the partner did, and 0 intermediate cases). One regression includes controls for the type of the agreement. Heteroskedastic-consistent standard errors in brackets.

	<i>Basic Specification</i>	<i>Exploring robustness to alternative measures</i>			<i>Controlling for Deal type</i>
Year of agreement	0.07 [0.18]	0.10 [0.38]	-0.02 [0.38]	0.03 [0.22]	0.12 [0.19]
Relative effort required after alliance signing	0.03 [0.09]	0.11 [0.07]	0.09 [0.08]	0.07 [0.09]	0.02 [0.08]
Does the portal have greater reach?	**0.73 [0.26]				***0.63 [0.18]
Difference between portal and partner's reach		**2.62 [1.06]			
Difference between portal and partner's daily usage			***0.52 [0.18]		
Difference between portal and partner's total usage				*0.03 [0.02]	
Does the portal have greater sales?	*0.50 [0.28]	0.35 [0.22]	0.34 [0.22]	**0.49 [0.26]	0.46 [0.30]
Did the alliance promote content?					0.73 [0.75]
Did the alliance promote product sales?					0.58 [0.66]
Did the alliance involve a service agreement?					0.62 [0.83]
Number of observations	99	62	62	62	96
Log likelihood	-176.90	-107.37	-106.99	-109.43	-171.57
Pseudo R ²	0.03	0.05	0.05	0.03	0.03

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.

Table S7

Alternative composite measures of alliance control.

<i>Full Composite Measure</i>	<i>Composite Measure Excluding Content Controls (used in Table S8)</i>	<i>Composite Measure Excluding Content Controls and Look and Feel (used in Table S9)</i>
Specification of Line-of-Business	Specification of Line-of-Business	Specification of Line-of-Business
Explicit Approval of Content		
Conformance to Posted Standards		
Determination of Site’s “Look and Feel”	Determination of Site’s “Look and Feel”	
Requirement to Mention Other Party in Advertising	Requirement to Mention Other Party in Advertising	Requirement to Mention Other Party in Advertising
Approval of Advertising Copy	Approval of Advertising Copy	Approval of Advertising Copy
Partner Required to Optimize Size for Viewing	Partner Required to Optimize Size for Viewing	Partner Required to Optimize Size for Viewing
Partner Required to Use Certain Software	Partner Required to Use Certain Software	Partner Required to Use Certain Software
Partner Required to Use Frames or Other Navigation Devices	Partner Required to Use Frames or Other Navigation Devices	Partner Required to Use Frames or Other Navigation Devices
Partner Required to Try to Return Users	Partner Required to Try to Return Users	Partner Required to Try to Return Users
Portal Receives Equity in Partner	Portal Receives Equity in Partner	Portal Receives Equity in Partner
Portal Receives Board Observation Rights	Portal Receives Board Observation Rights	Portal Receives Board Observation Rights

Table S8

Ordered logit regression analyses of the allocation of control in portal alliances excluding content controls. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. The dependent variable is the sum of ten measures of the allocation of control (+1 denoted a case where the control was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases.) Independent variables include the year of the agreement, the relative effort required of the portal and partner after the alliance signing on five key dimensions (with those where the most effort is required of the portal coded as -5 and the most effort by the portal as +5), the relative reach of the portal and the partner in the month before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater reach, -1 those where the partner did, and 0 intermediate cases, though in one case each the difference in the reach measures, the mean days spent in each month on the site per Internet user, and the mean monthly minutes per Internet user are used), and the relative sales of the portal and the partner in the quarter before the signing of the contract (+1 denoted a case where the portal has the greater sales, -1 those where the partner did, and 0 intermediate cases). One regression includes controls for the type of the agreement. Heteroskedastic-consistent standard errors in brackets. P-values for significant coefficients in parenthesis.

	<i>Basic specification</i>	<i>Exploring robustness to alternative measures</i>			<i>Controlling for deal type</i>
Year of agreement	0.19 [0.22]	0.20 [0.43]	0.10 [0.45]	0.15 [0.30]	0.24 [0.22]
Relative effort required after alliance signing	0.01 [0.09]	0.11 [0.09]	0.08 [0.09]	0.07 [0.10]	0.0 [0.09]
Does the portal have greater reach?	***0.79 [0.27] (<i>p</i> = .003)				***0.71 [0.20] (<i>p</i> = .001)
Difference between portal and partner's reach		**2.76 [1.12] (<i>p</i> = .014)			
Difference between portal and partner's daily usage			***0.51 [0.18] (<i>p</i> = .005)		
Difference between portal and partner's total usage				0.03 [0.02]	
Does the portal have greater sales?	0.29 [0.32]	0.12 [0.20]	0.12 [0.22]	0.28 [0.27]	0.23 [0.34]
Did the alliance promote content?					0.89 [0.69]
Did the alliance promote product sales?					0.73 [0.56]
Did the alliance involve a service agreement?					0.77 [0.68]
Number of observations	104	64	64	64	101
Log likelihood	-161.34	95.85	-96.04	-98.24	-156.13
Pseudo R ²	0.03	0.05	0.05	0.02	0.03

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.

Table S9

Ordered logit regression analyses of the allocation of control in portal alliances excluding content controls and “look and feel”. The sample consists of 106 alliances involving Internet portals between 1995 and 1999. The dependent variable is the sum of nine measures of the allocation of control (+1 denoted a case where the control was assigned to the portal, -1 those where it was assigned to the partner, and 0 intermediate cases.) Independent variables include the year of the agreement, the relative effort required of the portal and partner after the alliance signing on five key dimensions (with those where the most effort is required of the portal coded as -5 and the most effort by the portal as +5), the relative reach of the portal and the partner in the month before the signing of the contract (in most regressions, +1 denoted a case where the portal has the greater reach, -1 those where the partner did, and 0 intermediate cases, though in one case each the difference in the reach measures, the mean days spent in each month on the site per Internet user, and the mean monthly minutes per Internet user are used), and the relative sales of the portal and the partner in the quarter before the signing of the contract (+1 denoted a case where the portal has the greater sales, -1 those where the partner did, and 0 intermediate cases). One regression includes controls for the type of the agreement. Heteroskedastic-consistent standard errors in brackets.

	<i>Basic specification</i>	<i>Exploring robustness to alternative measures</i>			<i>Controlling for deal type</i>
Year of agreement	0.20 [0.22]	0.21 [0.37]	0.10 [0.41]	0.20 [0.22]	0.23 [0.26]
Relative effort required after alliance signing	-0.17 [0.10]	-0.07 [0.10]	-0.10 [0.10]	-0.10 [0.12]	-0.14 [0.11]
Does the portal have greater reach?	0.40 [0.37]				0.23 [0.35]
Difference between portal and partner’s reach		*2.67 [1.53] (<i>p</i> = .081)			
Difference between portal and partner’s daily usage			*0.54 [0.28] (<i>p</i> = .051)		
Difference between portal and partner’s total usage				0.02 [0.02]	
Does the portal have greater sales?	**0.79 [0.36] (<i>p</i> = .031)	***0.69 [0.23] (<i>p</i> = .003)	***0.67 [0.22] (<i>p</i> = .002)	***0.85 [0.28] (<i>p</i> = .003)	*0.78 [0.39] (<i>p</i> = .052)
Did the alliance promote content?					0.64 [0.75]
Did the alliance promote product sales?					0.66 [0.46]
Did the alliance involve a service agreement?					0.22 [0.72]
Number of observations	104	64	64	63	101
Log likelihood	-151.39	-86.48	-86.15	-88.03	-146.14
Pseudo R ²	0.06	0.10	0.10	0.07	0.07

* = Significant at the 10% confidence level; ** = significant at the 5% confidence level; *** = significant at the 1% confidence level.