Dear Reader,

Thank you very much for your comments. In the analysis of partial market coverage, unlike Aoki (2003) we exogenise the location of firms and we endogenise the timing of moves. This approach allows us to see whether a simultaneous or sequential game happens in equilibrium. Aoki (2003) can compare the equilibria (differences in profits, etc..) but cannot say which one will prevail.

Since the timing in Aoki (2003) is exogenous, the cases with simultaneous and sequential moves in the quality stage are examined separately (and firm 1 exogenously acts as a leader), whereas our analysis allow firm to choose whether to play simultaneous or sequential moves.
This can be contemplated in Aoki (2003) Figure 3 page 660 shows that there are two symmetric situations in which both firm 1 (leader) or 2 (follower) may set the higher standard. According to Proposition 3, in equilibrium the leader sets the high standard.

Whereas Aoki can compare profits from simultaneous and sequential case, without say which situation is chosen, with our approach we can also say if firms will choose simultaneous or sequential moves.

The fact that firms have exogenously determined quality and endogenous timing may reflect the situations in the real world in which firms operating already in a market (so that they already have a ranking of quality between each other due to previous investments) decide to enter in another market of the same good (maybe in a foreign country) and, if so, they decide the timing of entry.

I hope this helps to understand our model.

Thank you so much also about minor comments and typos. Your comments will be considered in the new version of the paper.

Best wishes,
Alessandro