



Bar-Ilan University
Department of Economics

The Department of Economics

Is happy to announce the opening of a new Mini-Course

In the academic year 2017-2018

Entitled

"Empirical Analysis of Market Structure and Product Variety "

By

Dr. Alon Eizenberg

Course Number: 66-866-01

Academic points: 1 Semester hour (0.5 annual hour)

Syllabus: Below

Dates and hours:

Monday, November 20, 2017 ; 14:00-18:00

Wednesday, November 22, 2017 ; 13:00-17:00

Monday, November 27, 2017 ; 14:00-18:00

Place: Building 504, Seminar Room (011)

The course is open to M.A students with thesis, Ph.D. students, staff members and researchers.

Enquiries and registration can be made at the following email address:

Economics.Student@biu.ac.il.

Empirical Analysis of Market Structure and Product Variety

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Bar Ilan University, November 2017

This minicourse provides an overview of a growing area in the empirical Industrial Organization literature: the study of firms' decisions regarding market entry and product positioning. While early literature focused on the number of entrants as the endogenous variable, more recent contributions study firms' decisions regarding how to position their products in horizontal and vertical spaces. The challenging study of equilibrium product variety raises questions that are important for practitioners and policy makers alike.

In particular, an oligopoly market is not guaranteed to generate the socially-optimal number and mix of products. Moreover, the extent to which mergers can bring us closer (or further away) from the optimal product variety is an interesting and open question. The answer to these questions depends on the estimation of market-specific parameters: namely, cost and demand systems. As time permits, we will also study the basic principles of estimating differentiated demand systems.

The course will cover empirical applications that study particular markets, and would emphasize the progress made in this literature. The role of partial-identification methods and incomplete models would be emphasized.

The final grade would be based on a "referee report" assignment for a paper to be assigned in class. The report must not exceed 3 pages and should address the following points: the first part of the report (no more than one page) should discuss: (1) What is the research question? (2) What data were used? (3) What is the empirical strategy? (4) What are the findings? The remaining report (at most two pages) should provide a critical assessment of the paper.

References: (a tentative, incomplete list of related literature; we will refer to some of these papers in class)

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Berry, S., Eizenberg, A., and J. Waldfogel, 2013: "Optimal product Variety in Radio Markets," *Working Paper*

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Bjorn, P., and Q. Vuong, 1985: "Simultaneous Equations Models for Dummy endogenous Variables: A Game Theoretic Formulation with an Application to Labor Force Participation," California Institute of Technology Working Paper 537.

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Ciliberto, F., and Tamer, E., 2009: "Market Structure and Multiple Equilibria in the Airline Industry," *Econometrica*, 77(6): 1791-828

Crawford, G. 2012: "Endogenous Product Choice: A Progress Report," *Warwick Economic Research Paper* no. 979

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Draganska, M., M. Mazzeo, and K. Seim, 2009: "Beyond Plain Vanilla : Modeling Joint Product Assortment and Pricing Decisions," *Quantitative Marketing and Economics*, 2009, 7, 105–146.

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Fan, Y., 2012: "Ownership Consolidation and Product Quality: A Study of the U.S. Daily Newspaper Market," *American Economic Review*, forthcoming

Holmes, J.T., 2011: "The Diffusion of Wal-Mart and Economies of Density," *Econometrica*, 79(1): 253–302

Manski, C.F. (2003): "Partial Identification of Probability Distributions," Berlin, Heidelberg, New York: *Springer-Verlag*

Jia, P., 2008: "What Happens When Wal-Mart Comes to Town: An Empirical Analysis of the Discount Retail Industry," *Econometrica*, 76(6): 1263-1316

Mazzeo, M, 2002: "Product Choice and Oligopoly Market Structure," *RAND Journal of Economics*. 33(2): 221-242.

Pakes, A., J. Porter, K. Ho, and J. Ishii, 2011: "Moment Inequalities and their Application," *mimeo*, Harvard University

Seim, K., 2006: "An Empirical Model of Firm Entry with Endogenous Product-Type Choices", *the RAND Journal of Economics*, 37(3): 619-40

Spence, M. 1976: "Product Selection, Fixed Costs, and Monopolistic Competition," *The Review of Economic Studies*, 43(2): 217-235

Tamer, E. 2003: "Incomplete Simultaneous Discrete Response Model with Multiple Equilibria," *Review of Economic Studies*, 70(1): 147-67.