MARKETING COLLOQUIA

SPRING 2015

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Where: *741 JMHH*
When: *3:00 PM* to 4:20 PM

STAGGERED VS. SIMULTANEOUS PRICE SETTING WITH AN APPLICATION TO AN ONLINE MARKET

ABSTRACT: The typical assumption in structural I.O. is that sellers set prices or quantities simultaneously. However, many markets, including e-commerce markets, may be better approximated by a continuous-time type of framework where a seller can change its prices instantaneously but does so assuming that its rivals are not changing their prices at the same moment. We illustrate how this can affect the level and dynamics of equilibrium prices, even when there are a number of competitors. We apply our model to the empirical setting of secondary market pricing of event tickets on Stubhub.com to understand whether the nature of price-setting plays a role in determining the dynamics of prices as an event approaches.

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