

Empirical Analysis of Market Structure and Product Variety

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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.

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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