

Topics in Industrial Organisation 2023

The following list serves as a suggestion for students. Topics from this list can be chosen, but your own ideas are appreciated. Please note that it is possible to write in either English or German. The topics can be sorted into five main fields: **Digitalization, Advertisement and Marketing, Competition Policy, Sustainability and Regulation of Markets, Pricing, and Others**. For each topic within a field, there is at least one representative paper, on which the research focus can be concentrated.

A - Digitalization

A1 Platforms

1. Platforms, Promotion, and Product Discovery: Evidence from Spotify Playlists

Streaming has emerged as an important channel for music cons. Spotify is the most prominent platform, with a higher market share than retailers or radio stations held actions in the digital era. While this leveled the playing field between already-prominent and new artists, new effects became important. This paper investigates with different methods, among others, the effect song's popularity on making it into a global playlist or cross-country differences in the ranking of songs.

Aguilar, L. & Waldfogel, J. (2018). [Platforms, Promotion, and Product Discovery: Evidence from Spotify Playlists](http://www.nber.org/papers/w24713) (NBER Working Paper No. 24713).
<http://www.nber.org/papers/w24713>

2. Data, Platforms, and Competition

Bourreau, M., Caffarra, C., Chen, Z., Choe, C., Crawford, G. S., Duso, T., Genakos, C., Heidhues, P., Peitz, M., Rønne, T., Schnitzer, M., Schutz, N., Sovinsky, M., Spagnolo, G., Toivanen, O., Valletti, T. & Vergé, T. (2020). [Google/Fitbimonetizeonetise health data and harm consumers](https://cepr.org/publications/policy-insight-107) (CEPR Policy Insight No. 107).
<https://cepr.org/publications/policy-insight-107>

Aceomoglu, D., Makhdoumi, A., Malekian, A. & Ozdaglar, A. (2019). [Too much data: Prices and inefficiencies in data markets](http://www.nber.org/papers/w24713) (NBER Working Paper No. 26296).
<http://www.nber.org/papers/w24713>

De Cornière, A. & Taylor, G. (2020). [Data and Competition: a General Framework with Applications to Mergers, Market Structure, and Privacy Policy](https://www.tse-fr.eu/sites/default/files/medias/doc/wp/io/wp_tse_1076.pdf) (TSE Working Paper No. 20-1076). https://www.tse-fr.eu/sites/default/files/medias/doc/wp/io/wp_tse_1076.pdf

Zha, Y., Li, Q., Huang, T. & Yu, Y. (2022). [Strategic Information Sharing of Online Platforms as Resellers or Marketplaces](#). Marketing Science

A2 Other topics in Digitalization

3. Using alternative payment systems in Germany and Europe

***This topic is only available for students willing to work with data. ***

Bagnall, J., Bounie, D., Huynh, K. P., Kosse, A., Schmidt, T., Schuh S. & Stix, H. (2014). [Consumer Cash Usage: A Cross-Country Comparison with Payment Diary Survey Data](https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1685.pdf) (ECB Working Paper No. 1685).
<https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1685.pdf>

Federal Reserve Bank of Atlanta. (2021). Survey of Consumer Payment Choice.
<https://www.atlantafed.org/banking-and-payments/consumer-payments/survey-of-consumer-payment-choice.aspx?panel=2>

Koulayev, S., Rysman, M., Schuh, S. & Stavins, J. (2016). [Explaining adoption and use of payment instruments by US consumers](#). Rand Journal of Economics, 47(2), 293-325

Von Kalckreuth, U., Schmidt T. & Stix, H. (2009). [Choosing and Using Payment Instruments: Evidence from German Microdata](https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1144.pdf) (ECB Working Paper Series No. 1144). <https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1144.pdf>

B – Advertising and Marketing

4. The Evolution of Brand Preferences: Evidence from Consumer Migration

Most consumers typically buy a single brand of beer, cola, or margarine, even though relative prices vary significantly over time. Consumers often cannot distinguish their preferred brand in blind “taste tests.” This paper evaluates the mechanisms behind brand loyalty and finds that preferences are strongly linked to which firm was the dominant player in the markets in which the consumer previously was.

Bronnenberg, B. J., Dubé, J. H. & Gentzkow M. (2012). [The Evolution of Brand Preferences: Evidence from Consumer Migration](#). American Economic Review, 102(6), 2472–2508

[Data](#)
[Appendix](#)

5. Effectiveness of keyword search advertising

Internet advertising has been the fastest-growing advertising channel in recent years, with paid search ads comprising the bulk of this revenue. The authors present results from a series of large-scale field experiments at eBay designed to measure the causal effectiveness of paid search ads.

Blake, T., Nosko, C. & Tadelis, S. (2015). [Consumer heterogeneity and paid search effectiveness: A large scale field experiment](#). Econometrica, 83(1), 155–174

6. Generalizable and Robust TV Advertising Effects

This paper provides generalizable and robust results on the causal sales effect of TV advertising for many products in many categories, using data on sales volumes, advertising intensities, and other marketing components, including pricing.

Shapiro, B., Hitsch, G. J. & Tuchman, A. (2020). [Generalizable and Robust TV Advertising Effects](#) (NBER Working Paper No. 27684).
<http://www.nber.org/papers/w27684>

7. Targeting in Advertisement

In online marketing, targeting refers to addressing and reaching specific target groups. Advancements in targeting technology are helping firms place ads on various websites or mobile platforms based on customer demographics, browsing habits, and social activity. With increasingly individualized data, firms can target customers more efficiently, which suggests consumers must be exposed to ads more relevant to their needs and wants.

Despotakis, S. & Yu, J. (2022). [Multidimensional Targeting and Consumer Response](#). Management Science

Moorthy, S. & Shahrokhi Tehrani, S. (2023). [Targeting Advertising Spending and Price on the Hotelling Line](#). Marketing Science

Shin, J. & Shin, W. (2022). [A Theory of Irrelevant Advertising: An Agency-Induced Targeting Inefficiency](#). Management Science

8. Design and Evaluation of Optimal Free Trials

Free trial promotions are a commonly used customer acquisition strategy in the Software as a Service industry. This study uses data from a large-scale field experiment to study the effect of trial length on customer-level outcomes.

Yoganarasimhan, H., Barzegary, E. & Pani, A. (2022). [Design and Evaluation of Optimal Free Trials](#). Management Science

9. Influencer Marketing

Influencer marketing is a type of marketing strategy that involves partnering with individuals who have a strong influence over a target audience to promote a brand or product. The following studies examine, amongst other things, the effectiveness of influencer marketing and the relationship between social media influencers and their followers.

Fainmesser, I. P. & Galeotti, A. (2021). [The Market for Online Influence](#). American Economic Journal: Microeconomics, 13(4), 332–372

Hinnosaar, M. & Hinnosaar, T. (2022), [Influencer Cartels](#). Available at SSRN 3786617.

Mitchell, M. (2021). [Free ad\(vice\): internet influencers and disclosure regulation](#). The RAND Journal of Economics, 52(1), 1–247

Pei, A. & Mayzlin, D. (2022). [Influencing Social Media Influencers Through Affiliation](#). Marketing Science, 41(3), 593–615

10. A Model of Product Portfolio Design: Guiding Consumer Search Through Brand Positioning

This study investigates a firm's optimal product portfolio design on a Hotelling line that can affect consumers' search decisions. The authors conceptualize the average location of the products as the brand position that represents the aggregate information about characteristics common to the product portfolio. Then, they propose a mechanism for why and how brand positioning induced by a firm's product portfolio design can deliver credible information that guides consumer searches.

Ke, T. T., Shin, J. & Yu, J. (2022). [A Model of Product Portfolio Design: Guiding Consumer Search Through Brand Positioning](#). Marketing Science

C – Competition policy

11. FTC Investigation of Facebook

Following a lengthy investigation, the Federal Trade Commission (U.S. antitrust authority) sued Facebook in December 2020, alleging that the company illegally maintains its social networking monopoly through a years-long course of anticompetitive conduct.

Federal Trade Commission. (2020). FTC Sues Facebook for Illegal Monopolization: Agency challenges Facebook's multi-year course of unlawful conduct [Press release]. <https://www.ftc.gov/news-events/news/press-releases/2020/12/ftc-sues-facebook-illegal-monopolization>

12. Google vs. European Commission: Antitrust investigation of Google's practices

The European Commission investigated whether Google uses its market power in the market for search engines to leverage it into other markets by granting competitive advantages to different segments of the firm. The Commission fined them 2.42 billion €.

European Commission. (2017). Antitrust: Commission fines Google €2.42 billion for abusing dominance as a search engine by giving an unfair advantage to own comparison shopping service [Press release]. http://www.europa.eu/rapid/press-release_IP-17-1784_en.htm

13. Ohio vs. American Express

American Express applied a pricing scheme that some claimed hurts low-income customers. The American supreme court ruled that this is not the case and that the credit card market is not indeed two-sided!

Edelman, B. & Wright, J. (2015). [Price Coherence and Excessive Intermediation](#). Quarterly Journal of Economics, 130(3), 1283–1328

Ohio v. American Express Co., 585 U. S. (2018). https://www.supremecourt.gov/opinions/17pdf/16-1454_new_1a72.pdf

14. Rise in Market Power

A recent paper used a novel method to estimate markups (price over marginal costs). The authors find that firms could increase their markups from around 20% in 1980 to over 60% in 2014. They link this to an increase in market power and discuss the large-scale implications of this increase.

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Conlon, C., Miller, N. H. & Yao, Y. [Rising Markups, Rising Prices?](#)

De Loecker, J., Eeckhout, J. & Unger, G. (2020). [The Rise of Market Power and the Macroeconomic Implications](#). Quarterly Journal of Economics, 135(2), 561–644

Döpfer, H., MacKay, A., Miller, N. & Stiebale, J. (2022). [Rising Markups and the Role of Consumer Preferences](#) (Harvard Business School Strategy Unit Working Paper No. 22-025). <https://ssrn.com/abstract=3939126>

15. Killer Acquisitions

Firms may acquire innovative targets to discontinue the target's innovation projects and preempt future competition. Such acquisitions are called "killer acquisitions." Prominent examples can be found in the digital markets, where large digital businesses may block innovation by buying (potentially rival) tech start-ups.

Cabral, L. M. B. (2018). [Standing on the Shoulders of Dwarfs: Dominant Firms and Innovation Incentives](#) (CEPR Discussion Paper No. DP13115). <https://ssrn.com/abstract=3235598>

Dijk, E. S. R., Moraga-González, J. L. & Motchenkova, E. (2021). [How do start-up acquisitions affect the direction of innovation?](#) (Tinbergen Institute Discussion Paper, No. TI 2021-065/VII). <https://www.econstor.eu/bitstream/10419/248749/1/21065.pdf>

Ederer, F. & Pellegrino, B. (2023). [The Great Startup Sellout and the Rise of Oligopoly](#). AEA Papers & Proceedings, 113 dsrtzhsh

Ivaldi M., Petit N. & Ünekbas S. (2023). Killer Acquisitions: Evidence from EC Merger Cases in Digital Industries (TSE Working Paper No. 1420). https://www.tse-fr.eu/sites/default/files/TSE/documents/doc/wp/2023/wp_tse_1420.pdf

Gugler K., Szücs F. & Wohak U. (2023). Start-up Acquisitions, VC and Innovation (WU Wien Working Paper No. 340). [WP340.pdf \(wu.ac.at\)](#)

16. The investigation of the European Commission regarding Amazon's practices related to independent sellers

The European Commission is investigating Amazon because it has breached EU antitrust rules by distorting competition in online retail markets. The Commission takes issue with Amazon systematically relying on non-public business data of independent sellers who sell on its marketplace to benefit Amazon's own retail business, which directly competes with those third-party sellers.

Anderson, S. & Bedre-Defolie, Ö. (2022). [Hybrid Platform Model](#). Available at SSRN 3867851

Etro, F. (2021). [Product selection in online marketplaces](#). Journal of Economic & Management Strategy, 30(3), 614–637

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European Commission. (2022). Antitrust: Commission accepts commitments by Amazon, barring it from using marketplace seller data and ensuring equal access to Buy Box and Prime [Press release].

https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7777

Hagiu, A., Teh, T.-H. & Wright, J. (2022). [Should platforms be allowed to sell on their own marketplaces?](#) RAND Journal of Economics, 53(2), 297-327

Zhu, F. & Liu, Q. (2018). [Competing with complementors: An empirical look at Amazon.com.](#) Strategic Management Journal, 39(10), 2618-2642

Motta, M. (2022). Self- Preferencing and Foreclosure in Digital Markets: Theories of Harm for Abuse Cases (BSE Working Paper No. 1374).

https://bse.eu/sites/default/files/working_paper_pdfs/1374_0.pdf

Huang, P., Lyu, G., & Xu, Y. (2022). Quality regulation on two-sided platforms: Exclusion, subsidization, and first-party applications. Management Science, 68(6), 4415–4434. <https://pubsonline.informs.org/doi/pdf/10.1287/mnsc.2021.4075>

17. Algorithmic Pricing and Competition

Pricing algorithm technology has become increasingly sophisticated in recent years. Although firms have used pricing software for decades, technological advancements have shifted from mechanically-set prices to AI-powered algorithms that can handle vast quantities of data and interact, learn, and make decisions with unprecedented speed and sophistication. The evolution of algorithmic-pricing software has raised concerns regarding the potential impact on firm behavior and competition.

Assad, S., Clark, R., Ershov, D. & Xu, L. (2020). [Algorithmic Pricing and Competition: Empirical Evidence from the German Retail Gasoline Market](#) (CESifo Working Paper No. 8521). https://www.econstor.eu/bitstream/10419/223593/1/cesifo1_wp8521.pdf

Calvano, E., Calzolari, G., Denicolo, V. & Pastorello, S. (2020). [Artificial Intelligence, Algorithmic Pricing, and Collusion.](#) American Economic Review, 110(10), 3267–3297

18. Regulating P2P Markets: Airbnb, Uber, etc.

Currently, AirBnB challenges incumbents in the market for accommodation. Some big cities have even banned the service for different reasons. This paper starts with a framework to analyze the market and continues with an empirical investigation.

***This topic is only available for students willing to work with data. ***

Cramer, J. & Alan, B. (2016). [Disruptive Change in the Taxi Business: The Case of Uber.](#) American Economic Review, 106(5), 177-182

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Farronato, C. & Fradkin, A. (2018). [The Welfare Effects of Peer Entry in the Accommodation Market: The Case of Airbnb](https://www.nber.org/papers/w24361) (NBER Working Paper No. 2436).
<http://www.nber.org/papers/w24361>

Zervas, G., Proserpio, D., & Byers, J. W. (2017). [The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry](#). *Journal of Marketing Research*, 54(5), 687–705

D – Sustainability and Regulation of Markets

19. Improving Adoption of Energy Efficient Products

De Groot, O. & Verboven, F. (2019). [Subsidies and Time Discounting in New Technology Adoption: Evidence from Solar Photovoltaic Systems](#). American Economic Review, 109(6), 2137-2172

Fabra, N. & Reguanti, M. (2014). [Pass-Through of Emissions Costs in Electricity Markets](#). American Economic Review, 104(9), 2872-2899.

Houde, S. (2022). [Bunching with the Stars: How Firms Respond to Environmental Certification](#). Management Science, 68(8): 5569-5590

Houde, S. (2018). [How consumers respond to product certification and the value of energy information](#). The RAND Journal of Economics, 49(2), 453-477.

Goeschl, T. (2019). [Cold Case: The forensic economics of energy efficiency labels for domestic refrigeration appliances](#), Energy Economics, 84(1)

20. Markets for Organic/Sustainable Products

Bezawada, R., & Pauwels, K. (2013). [What is Special about Marketing Organic Products? How Organic Assortment, Price, and Promotions Drive Retailer Performance](#). Journal of Marketing, 77(1), 31–51

Kotschedoff, M. J. W. & Pachali, M. J. (2020). [Higher Minimum Quality Standards and Redistributive Effects on Consumer Welfare](#). Marketing Science, 39(1): 253-280. Available at SSRN 3214249

21. Right to Repair: Pricing, Welfare, and Environmental Implications

The “right-to-repair” (RTR) movement calls for government legislation requiring manufacturers to provide repair information, tools, and parts so that consumers can independently repair their products more easily. This paper employs an analytical model to study the pricing, welfare, and environmental implications of RTR.

Jin, C., Yang, L. & Zhu, C. (2022). [Right to Repair: Pricing, Welfare, and Environmental Implications](#). Management Science, 69(2), 1017–1036

22. Healthy Food Consumer behavior

Food labels provide important information about the contents of a food product and help consumers to make informed choices about what they eat. The first study examines a large-scale mandatory food labeling regulation to identify its effects on consumer behavior. The second study analyzes the impact of a U.S. policy that introduced vouchers for healthier products. It examines the purchasing behavior during the program and the persistence of the effects.

Araya, S., Elberg, A., Noton, C. & Schwartz, D. (2022). [Identifying Food Labeling Effects on Consumer Behavior](#). *Marketing Science*, 41(5), 982–1003

Hinnosaar, M. (2022). [The Persistence of Healthy Behaviors in Food Purchasing](#). *Marketing Science*

F – Pricing

23. Price Discrimination

These papers study different aspects of price discrimination. They are not meant to be dealt with as one topic for your seminar or thesis. Rather, you can focus on a certain paper and start your research from there.

Park, S., Xie, M. & Xie, J. (2022). [Framing Price Increase as Discount: A New Manipulation of Reference Price](#). *Marketing Science*, 42(1), 37–47

Janssen, M. & Reshidi, E. (2023). [Discriminatory Trade Promotions in Consumer Search Markets](#). *Marketing Science*

Cohen, M. C., Elmachtoub, A. N. & Lei, X. (2022). [Price Discrimination with Fairness Constraints](#). *Management Science*, 68(12), 8536–8552

Diao, W., Harutyunyan, M. & Jiang, B. (2022). [Consumer Fairness Concerns and Dynamic Pricing in a Channel](#). *Marketing Science*

24. Intertemporal Product Versions and Pricing in the Software Market

In many durable good contexts, firms price-discriminate by charging higher prices for the latest functionality. By contrast, the software market sees little such price discrimination despite new versions being introduced over time. In the study, the author proposes that the software firm's ability to price-discriminate is restricted by (1) the extent to which consumers value the innovation and (2) the cost associated with legacy software maintenance.

Brecko, K. (2022). [New Features Free of Charge? Intertemporal Product Versions and Pricing in the Software Market](#). *Marketing Science*, 42(1), 61–86

25. Consumer Loyalty Programs and Retail Prices: Evidence from Gasoline Markets

Past research shows that loyalty programs can generate consumer switching costs and increase purchase frequency. Theoretical work suggests that if switching costs are high, firms should charge lower prices in the early periods of a program to boost market share and increase prices in later periods to take advantage of the “lock-in” effect. However, it is not clear whether these costs soften or exacerbate price competition. In this paper, the authors use an extensive database of gas stations' prices in the Italian market to study fuel prices in early and late periods of loyalty programs: the sharp price changes adopted by gas stations affiliated with the program during the introduction and termination dates of the program allow the authors to establish the causal relationship between the program and the pricing behavior of gas stations.

Rossi, F. & Chintagunta, P. K. (2022). [Consumer Loyalty Programs and Retail Prices: Evidence from Gasoline Markets](#). *Marketing Science*

Others:

26. Management and Firm Performance

In the paper, an in-depth evaluation of the management process and the firms' productivity is done. Different ways in which management influences productivity are discussed and a comparison between other countries and sectors are applied.

Bloom, N., Brynjolfsson, E., Foster, L., Jarmin, R., Patnaik, M., Saporta-Eksten, I., & Van Reenen, R., (2019). [What Drives Differences in Management Practices?](#) American Economic Review, 109 (5): 1648-83.

Bloom, N., Lemos, R., Sadun, R., Scur D. & Van Reenen, J. (2014). [The New Empirical Economics of Management](#). Journal of the European Economic Association 12, 4, 835–876

International Finance Corporation. (n. d.). Empirical Management Conference 2022. <https://www.ifc.org/empirical-management-conference-2022>

Scur, D., Sadun, R., Van Reenen, J., Lemos, R., & Bloom, N. [The World Management Survey at 18: lessons and the way forward](#), *Oxford Review of Economic Policy*, Volume 37, Issue 2, Summer 2021, Pages 231–258, <https://doi.org/10.1093/oxrep/grab009>

World Management Survey. (2019). <http://worldmanagementsurvey.org/survey-data/download-data/>

27. Inequality and Concentration

Mariuzzo, F. & Davies, S. W. (2022). Inequality and concentration: Are the poor more exposed to concentrated markets? [delivery.php \(ssrn.com\)](#)