

Reading List for Empirical Methods in Industrial Organization

(Spring 2024)

1. Introduction

Akerberg, D., L. Benkard, S. Berry and A. Pakes (2007). “Econometric Tools for Analyzing Market Outcomes,” in J. J. Heckman and E. E. Leamer (eds.), *Handbook of Econometrics, Volume 6A*, Chapter 63. 4171-4276. North Holland.

Ho, K., A., Hortacsu, and A. Lizzeri (2021), *Handbook of Industrial Organization, Volume 4*, Chapter 2. 63-139. North Holland

Reiss, P. and F. Wolak (2007). “Structural Econometric Modeling: Rationales and Examples from Industrial Organization,” in J. J. Heckman and E. E. Leamer (eds.), *Handbook of Econometrics, Volume 6A*, Chapter 64. 4277-4415. North Holland.

Tirole, J. (1988). *The Theory of Industrial Organization*. MIT Press.

2. Market Power with Homogeneous Products

Borenstein, S., J. Bushnell and F. Wolak (2002). “Measuring Market Inefficiencies in California’s Restructured Wholesale Electricity Market,” *American Economic Review, Volume 92, No. 5*, 1376-1405.

Bresnahan, T. F. (1989). “Empirical studies of industries with market power,” in R. Schmalensee and R. Willig (Eds.), *Handbook of Industrial Organization, Volume 2*, Chapter 17, 1011-1057. North Holland.

Corts, K. (1999). “Conduct Parameters and the Measurement of Market Power,” *Journal of Econometrics, Vol. 88, Issue 2*, 227-250.

Genesove, D. and W. Mullin (1998). “Testing Static Oligopoly Models: Conduct and Cost in the Sugar Industry, 1890-1914,” *RAND Journal of Economics, Vol. 29, No. 2*, 355-377.

Holt, C. (1995). "Industrial Organization: A Survey of Laboratory Research," in J. Kagel and A. Roth (eds.), *Handbook of Experimental Economics*, 349-443. Princeton.

* Perloff, J. M., L. S. Karp and A. Gloan (2007). *Estimating Market Power and Strategies*. New York: Cambridge University Press.

Wolfram, C. (1999). "Measuring Duopoly Power in the British Electricity Spot Market," *American Economic Review*, Vol. 89, No. 4, 805-826.

3. Differentiated Product Industries

Anderson, S., A. dePalma and J. Thisse (1992). *Discrete Choice Theory of Product Differentiation*. MIT Press.

Baker, J. and T. Bresnahan (1988). "Estimating the Residual Demand Curve Facing a Single Firm," *International Journal of Industrial Organization*, Vol. 6, No. 3, 283-300.

* Berry, S. T. (1994). "Estimating discrete-choice models of product differentiation," *RAND Journal of Economic*, Vol. 25, No. 2, 242-262.

* Berry, S., J. Levinsohn and A. Pakes (1995). "Automobile prices in market equilibrium," *Econometrica*, Vol., 63, No. 4, 841-890.

* Berry, S., J. Levinsohn and A. Pakes (2004). "Differentiated Products Demand Systems from a Combination of Micro and Macro Data: The New Car Market," *Journal of Political Economics*, Vol. 112, 68-105.

Berry, S. and A. Pakes (2007). "The Pure Characteristics Demand Model," *International Economic Review*, Vol. 48, Issue 4, 1193-1225.

* Bresnahan, T. F. (1987). "Competition and collusion in the American automobile industry: The 1955 price war," *Journal of Industrial Economics*, Vol. 35, No. 4, 457-482.

Compiani, G., I. Morozov, and S. Seiler (2023). "Demand Estimation with Text and Image Data," <https://ssrn.com/abstract=4588941>.

* Draganska, M., M. Mazzeo, and K. Seim (2009). “Beyond plain vanilla: Modeling joint product assortment and pricing decisions,” *Quantitative Marketing and Economics* 7, 105–146.

* Dubé, J.-P., J. T. Fox, and C.-L. Su (2012). “Improving the numerical performance of static and dynamic aggregate discrete choice random coefficients demand estimation,” *Econometrica* 80, 2231–2267.

Fosgerau M., J. Monardo and A. de Palma (2024). “The Inverse Product Differentiation Logit Model,” *American Economic Journal: Microeconomics*, forthcoming.

Gasmi, F., J. Laffont and Q. Vuong (1992). “Econometric Analysis of Collusive Behavior in a Soft-Drink Market,” *Journal of Economics & Management Strategy*, Vol. 1, Issue 2, 277-311.

* Gandhi, Amit and Aviv Nevo (2021). “Empirical models of demand and supply in differentiated products industries” in K. Ho, A., Hortacsu, and A. Lizzeri (eds.), *Handbook of Industrial Organization*, Volume 4, Chapter 2. 63-139. North Holland

Gandhi, A., Z. Lu, and X. Shi (2023). “Estimating Demand for Differentiated Products with Zeroes in Market Share Data,” *Quantitative Economics*, Vol. 14 Issue 2, 381-418.

Goldberg, P. (1995). “Product Differentiation and Oligopoly in International Markets: The Case of the U.S. Automobile Industry,” *Econometrica*, Vol. 63, No. 4, 891-951.

Hausman, J., G. Leonard and J. Zona (1994). “Competitive Analysis with Differentiated Products,” *Annales D'Economie et de Statistique*, No. 34, 159-180.

Hendel, I. (1999). “Estimating Multiple Discrete Choice Models: An Application to Computerization Returns,” *Review of Economic Studies*, Vol. 66, No. 2, 423-446.

Iskhakov, F., J. Lee, J. Rust, B. Schjerning, and K. Seo (2016). “Comment on “Constrained Optimization Approaches to Estimation of Structural Models”” *Econometrica*, Vol. 84, 365–370.

Knittel, C. R. and K. Metaxoglou (2014). “Estimation of random-coefficient demand models: Two empiricists’ perspective,” *Review of Economics and Statistics*, 96, 34–59.

McFadden, D. (1984). "Econometric Analysis of Qualitative Response Models," in Z. Griliches and M. D. Intriligator (eds.), *Handbook of Econometrics, Volume 2*, Chapter 24, 1395-1457. North-Holland.

Nair, H., J.-P. Dubé, and P. Chintagunta (2005). "Accounting for primary and secondary demand effects with aggregate data," *Marketing Science, Vol. 24, No. 3*, 444-460.

* Nevo, A. (2000). "A practitioner's guide to estimation of random-coefficients logit models of demand," *Journal of Economics & Management Strategy, Vol. 9, Issue 4*, 513-548.

* Nevo, A. (2001). "Measuring market power in the ready-to-eat cereal industry," *Econometrica, Vol. 69, No. 2*, 307-342.

4. Price Discrimination

Borenstein, S. (1991). "Selling Costs and Switching Costs: Explaining Retail Gasoline Markets," *RAND Journal of Economics, Vol. 22, Issue 3*, 354-369.

Borenstein, S. and N. Rose (1994). "Competition and Price Dispersion in the U.S. Airline Industry," *Journal of Political Economy, Vol. 102, Issue 4*, 653-683.

Busse, M. and M. Rysman (2005). "Competition and Price Discrimination in Yellow Pages Advertising," *RAND Journal of Economics, Vol. 36, No. 2*, 378-390.

Celine, B., P. Dubois, S. B. V. Boas, and D. Klapper (2009). "Empirical evidence on the role of nonlinear wholesale pricing and vertical restraints on cost pass-through," *Review of Economics and Statistics 95*, 500-515.

* Hendel, I. and A. Nevo (2006). "Measuring the Implications of Sales and Consumer Inventory Behavior," *Econometrica, Vol. 64, No. 6*, 1637-1673.

Huang, C.-I. (2008). "Estimating demand for cellular phone service under nonlinear pricing," *Quantitative Marketing and Economics, Vol. 6, No. 4*, 371-413.

Ivaldi, M. and D. Martimort (1994). "Competition under Nonlinear Pricing," *Annales d'Economie et de Statistique, No. 34*, 71-114.

Leslie, P. (2004). "Price discrimination in Broadway theatre," *RAND Journal of Economics*, Vol. 35, No. 3, 520-541.

Leslie, P. and A. Sorenson. (2009) "The Welfare Effects of Ticket Resale," NBER Working Paper 15476.

McManus, B. (2007). "Nonlinear pricing in an oligopoly market: The case of specialty coffee," *RAND Journal of Economics*, Vol. 38, No. 2, 512-532.

Mortimer, J. (2007). "Price Discrimination, Copyright Law and Technological Innovation: Evidence from the Introduction of DVDs," *Quarterly Journal of Economics*, Vol. 122, No. 3, 1307-1350.

Nevo, A. and C. Wolfram (2002). "Why Do Manufacturers Issue Coupons? An Empirical Analysis of Breakfast Cereals," *RAND Journal of Economics*, Vol. 33, No. 2, 319-339.

Shepard, A. (1991). "Price Discrimination and Retail Configuration," *Journal of Political Economy*, Vol. 99, No. 1, 30-53.

Stole, L. (2007). "Price Discrimination and Competition," in M. Armstrong and R. Porter (eds.), *Handbook of Industrial Organization, Volume 3*, Chapter 34, 2221-2299. North-Holland.

Sweeting, A. (2012). "Dynamic Pricing Behavior in Perishable Goods Markets: Evidence from Secondary Markets for Major League Baseball Tickets," *Journal of Political Economy*, Vol. 120, No. 6, 1133-1172.

5. Using Software to Apply the BLP Method

Colon, C. and J. Gortmaker (2020). "Best Practices for Differentiated Products Demand Estimation with PyBLP," *RAND Journal of Economics*, Vol. 51, No. 4, 1108-1161.

6. Other Applications of the BLP Approach

Amity, M. and A. K. Khandelwal (2013). "Import Competition and Quality

Upgrading,” *Review of Economics and Statistics*, Vol. 95, No. 2, 476-490.

Armantier, O. and O. Richard (2008). “Domestic Airline Alliances and Consumer Welfare,” *RAND Journal of Economics*, Vol. 39, No. 3, 875-904.

Beresteanu, A. and S. Li (2011). “Gasoline Price, Government Support, and the Demand for Hybrid Vehicles in the United States,” *International Economic Review*, Vol. 52, No. 1, 161-182.

Bonnet, C. and P. Dubois (2010). “Inference on Vertical Contracts Between Manufacturers and Retailers Allowing for Nonlinear Pricing and Resale Price Maintenance,” *RAND Journal of Economics*, Vol. 41, No. 1, 139-164.

Chiou, L. (2009). “Empirical Analysis of Competition between Wal-Mart and Other Retail Channels,” *Journal of Economics & Management Strategy*, Vol. 18, Issue 2, 285-322.

Crawford, G. S., R. S. Lee, M. D. Whinston, and A. Yurukoglu (2018). “The Welfare Effects of Vertical Integration in Multichannel Television Markets” *Econometrica*, Vol. 86, No. 3, 891-954

Davis, P. (2006). “Spatial competition in retail markets: Movie theaters,” *RAND Journal of Economics*, Vol. 37, No. 4, 964-982.

Einav, L. (2007). “Seasonality in the U.S. Motion Picture Industry,” *RAND Journal of Economics*, Vol. 38, No. 1, 127-145.

Eizenberg, A. (2014). “Upstream Innovation and Product Variety in the U.S. Home PC Market,” *Review of Economic Studies*, Vol. 81, 1003-1045.

Ghose, A. and S. P. Han (2014). “Estimating Demand for Mobile Applications in the New Economy,” *Management Science*, Vol. 60, No. 6, 1470-1488.

Ghose, A., P. G. Ipeirotis, B. Li (2012). “Designing Ranking Systems for Hotels on Travel Search Engines by Mining User-Generated and Crowdsourced Content,” *Marketing Science*, Vol. 31, 493-520.

Hollenbeck, B. and K. Uetake (2021). “Taxation and market power in the legal

marijuana industry,” *RAND Journal of Economics*, Vol. 52, No. 3, 559-595

Kitano, T. and H. Ohashi (2009). “Did US Safeguards resuscitate Harley-Davidson in the 1980s?” *Journal of International Economics*, Vol. 79, 186-197

Nakamura, E. and D. Zerom (2010). “Accounting for Incomplete Pass-Through,” *Review of Economic Studies*, Vol. 77, 1192-1230

Starc, A. (2014). “Insurer Pricing and Consumer Welfare: Evidence from Medigap,” *RAND Journal of Economics*, Vol. 45, No. 1, 198-220.

7. Advertising and Information

Akerberg, D. (2001). “Empirically Distinguishing Informative and Prestige Effects of Advertising,” *RAND Journal of Economics*, Vol. 32, No. 2, 316-333.

Bagwell, K. (2007). “The Economic Analysis of Advertising,” in M. Armstrong and R. Porter (eds.), *Handbook of Industrial Organization, Volume 3*, Chapter 28, 1701-1844. North-Holland.

Benham, L. (1972). “The Effects of Advertising on the Price of Eyeglasses,” *Journal of Law and Economics*, Vol. 15, No. 2, 337-352.

* Barahona, N., C. Otero, and S. Otero (2023). “Equilibrium Effects of Food Labeling Policies,” *Econometrica*, Vol. 91, No. 3, 839-868.

Dinerstein, M., L. Einav, J. Levin, and N. Sundaresan (2018). “Consumer Price Search and Platform Design in Internet Commerce,” *American Economic Review*.

Dubois, Pierre, Rachel Griffith, Martin O’Connell (2018). “The Effects of Banning Advertising in Junk Food Markets,” *Review of Economic Studies* (85)1, 396-436.
<https://doi.org/10.1093/restud/rdx025>

* Goeree, M. S. (2008). “Limited Information and Advertising in the U.S. Personal Computer Industry,” *Econometrica*, Vol. 76, No. 5, 1017-1074.

Jin, G. and P. Leslie (2003). “The Effect of Information on Product Quality: Evidence

from Restaurant Hygiene Grade Cards,” *Quarterly Journal of Economics*, Vol. 118, No. 2, 409-451.

Makofske, Matthew Philip (2020). “The Effect of Information Salience on Product Quality: Louisville Restaurant Hygiene and Yelp.com,” *Journal of Industrial Economics*, Vol. 68, No.1, 52-92.

Mathios, A. (2000). “The Impact of Mandatory Disclosure Laws on Product Choice: An Analysis of the Salad Dressing Market,” *Journal of Law and Economics*, Vol. 43, 651-677.

* Milyo, J. and J. Waldfogel (1999). “The Effect of Price Advertising on Prices: Evidence in the Wake of 44 Liquormart,” *American Economic Review*, Vol. 89, No. 5, 1081-1096.

Sauer, R. and K. Leffler (1990). “Did the Federal Trade Commission's Advertising Substantiation Program Promote More Credible Advertising?” *American Economic Review*, Vol. 80, No. 1, 191-203.

Shapiro, Bradley T., Günter J. Hitsch, and Anna E. Tuchman (2021). “TV Advertising Effectiveness and Profitability: Generalizable Results From 288 Brands,” *Econometrica*, Vol. 89, No. 4, 1855-1879.

Sorenson, A. (2000). “Equilibrium Price Dispersion in Retail Markets for Prescription Drugs,” *Journal of Political Economy*, Vol. 108, No. 4, 833-850.

8. Network Effects and Two-Sided Markets

Akerberg, D. and G. Gowrisankaran (2006). “Quantifying Equilibrium Network Externalities in the ACH Banking Industry,” *RAND Journal of Economics*, Vol.37, No. 3, 738-761.

Augereau, A., S. Greenstein, and M. Rysman (2006). “Coordination vs. Differentiation in a Standards War: 56K Modems,” *RAND Journal of Economics*, Vol. 37, No. 4, 887-909.

Fan, Y. (2013). “Ownership Consolidation and Product Characteristics: A Study of the US Daily Newspaper Market,” *American Economic Review*, Vol. 103, No. 5, 1598-1628.

Gandal, N., M. Kende and R. Rob (2000). "The Dynamics of Technological Adoption in Hardware/Software Systems: The Case of Compact Disk Players," *RAND Journal of Economics*, Vol. 31, No. 1, 43-61.

Goolsbee, A. and P. Klenow (2002). "Evidence on Learning and Network Externalities in the Diffusion of Home Computers," *Journal of Law and Economics*, Vol. 45, 317-344.

* Lee, R. S. (2013). "Vertical Integration and Exclusivity in Platform and Two-Sided Markets," *American Economic Review*, Vol. 103, No. 7, 2960-3000

Postrel, S. (1990). "Competing Networks and Proprietary Standards: The Case of Quadraphonic Sound," *Journal of Industrial Economics*, Vol. 39, No. 2, 169-185.

Rochet, J.-C. and J. Tirole (2003). "Platform Competition in Two-Sided Markets," *Journal of the European Economic Association*, Vol. 1, No. 4, 990-1029.

Rochet, J.-C. and J. Tirole (2006). "Two-Sided Markets: A Progress Report," *RAND Journal of Economics*, Vol. 37, No. 3, 645-667.

* Rysman, M. (2004). "Competition Between Networks: A Study of the Market for Yellow Pages," *Review of Economic Studies*, Vol. 71, No. 2, 483-512.

Saloner, G. and A. Shepard (1995). "Adoption of Technologies with Network Effects: An Empirical Examination of the Adoption of Automated Teller Machines," *RAND Journal of Economics*, Vol. 26, No. 3, 479-501.