

Online Prices

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Internet shopping

- The internet was supposed to be the consumer's friend.
- By making it easy to shop around, it would drive prices lower.

- However, online shoppers let slip plenty of information about themselves that could be of use to crafty salesmen.
- For example, iMac users are in general wealthier than PC users, and firms may offer them pricer options.

- Click quickly from home-page to product page to checkout, the seller can conclude that you have already decided to buy.
- So why offer you a discount?

Discrimination

- Retailers are likely to make increasing use of this information to discriminate between customers.
- This will be especially true for products whose pricing is complex, variable and therefore unpredictable to buyers.
- Such as insurance, air travel, mobile-phone plans and hotel rooms.

Price discrimination

- Nothing novel about **price discrimination**.
- Fulton fish market: Dealers charged Asians significantly less than whites.
- Because they believed that Asians were readier to walk away if the prices were too high.

Price discrimination: 例子

- Amazon: Osprey backpack.
- Size: smaller size is more expensive.
- Color: Red is more expensive.
- Ordinary customer vs. Amazon prime.

A risky practice

- Amazon: In 2000, it tried varying DVD prices according to which browser a customer was using.
- A public backlash forced it to compensate those it overcharged.