

Merger of Complements: Empirical Evidence from  
the Eyewear Industry  
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## Summary of paper

- ▶ Merger of complements: frames and lenses of glasses
- ▶ Study prices and quantities at retail level in Germany to assess merger effects
- ▶ Find partly patterns of lower prices and higher quantities
  - ▶ consistent with theory
- ▶ Empirical challenges include:
  - ▶ Retail instead of manufacturer prices
  - ▶ Difficult to find control group with common trend
  - ▶ Potentially endogenous control group: influenced by merger

## Comment on exposition / writing

- ▶ Good to read
- ▶ Interesting topic
- ▶ Nice detailed data set
- ▶ Plenty of reasonable analyses
- ▶ Quite long (possibly because relatively early version)

## Comment on control group

- ▶ As you mention, merger may also affect prices / quantities of control group
  - ▶ Can you find a more exogenous control group?
  - ▶ Maybe contact lenses?
- ▶ Could you also report post merger effect of control group in diff-in-diff output tables?

## Comment on seasonality / sunglasses

- ▶ Only few years before / after merger
  - ▶ Could post merger effect on merging parties partly capture composition effect of months with high sunglass demand?
  - ▶ Possibly different number of months with high sunglass demand before after merger?
  - ▶ Apparently merging parties relatively strong in sunglasses
  - ▶ Could do before-after comparison for specific months and or balance panel in terms of months?

## Comment on possible confounding effects over time / pandemic

- ▶ Pandemic began shortly after merger
  - ▶ Post merger time frame coincides (partly) with pandemic
  - ▶ Pandemic could have differential effects on manufacturers / supply availability?
  - ▶ For instance, depending on the location of production sites
- ▶ Merger strategy
  - ▶ Any indications of merging parties' strategy post merger?
  - ▶ Merger control decision / PR communication of firms / business press coverage etc?

## Comment on contracting

- ▶ How does contracting work between manufacturers and retailers?
  - ▶ E.g., typically annual contracts?
- ▶ Resale price maintenance may be used
  - ▶ zB Bundeskartellamt fined CIBA Vision 2009 for indirectly using RPM on contact lenses
  - ▶ Could be discussed how this would affect results
  - ▶ Sales quantities may also on retail margins and thus sales incentives of retailers (not just final prices)
  - ▶ Might explain findings where retail prices increase AND quantities increase

## Comment on retailer types

- ▶ Distinguishes between retailers based on number of retailers in area (roughly)
- ▶ Labels groups: High / low competition
  - ▶ Not clear to me (yet) that intensity of retail competition is the (only) distinguishing feature
- ▶ Could it also be:
  - ▶ Population density (urban / rural) .. and therefore possibly types of consumers?
  - ▶ Maybe different time trends of online competition etc in urban / rural areas?



## Minor comments

- ▶ P17: (i) upstream downstream competitors' reaction
- ▶ P20: upwards trends

Thank you for your attention