

Market Structure and Adoption of Internet Services in Colombia

Julian Hidalgo, KU Leuven

Discussed by Pierre-François Darlas

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Summary of the paper

Research question:

- ▶ How changes in market structure affect welfare and consumer choices?
- ▶ How is the overall effect decomposed between two components: the price effect and the product variety effect?

Contribution to the literature:

- ▶ Effects of changes in market structure on strat. decision and market coverage. More closely to Bourreau, Sun and Verboven (2021)
- ▶ Internet services and digital gap

Summary of the paper

Data:

- ▶ Exploit entry of ISP Telmex in 2008 in Colombia
- ▶ Data about demographics, all residential Internet services offers 2005-2011

Using structural estimation methods (Demand & Supply)

Results:

- ▶ Entry ↗ CS
 - Adoption rate ↗ by 6%
 - Surplus ↗ by \$7.2 million
- ▶ 62% pure entry effect
- ▶ 38% adjustment of product offering

Remarks and questions

- ▶ More details about changes in menu of product offerings, more plans, but of which kind?
Drop in all prices or in avg? More low cost plans?
- ▶ How do you differ from BSV in your results? Would you say you have a similar tacit semi-collusion before?
What is different in Colombia?
- ▶ Would your policy recommendations still work today in Colombia? How mature is the market?
- ▶ What are/were the regulation in terms of switching costs (ex: termination fees...)?
Are they included in your model? Through entry decision?