

Multi-Attribute Search

Jacopo Gambato

Discussant: Julia Reimer

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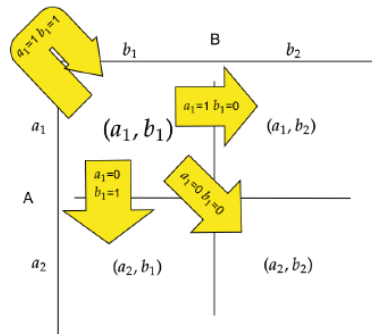
Research Question:

What are the implications for direct product search given shared product attributes?

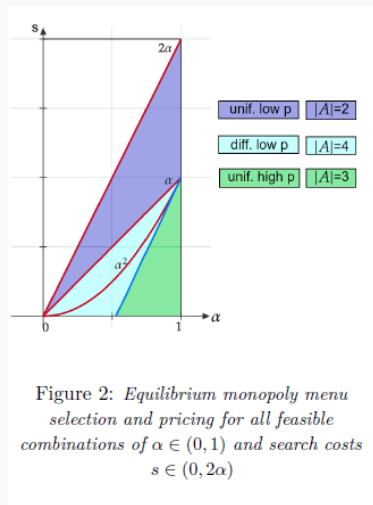
What prices and product menu does a monopolist set in this context?

- Model of directed search where products are valued according to their attributes
- Attributes are iid random variables distributed according to a cumulative distribution function (Binomial distribution)
- Products are identical before search starts but might differ in regard to their prices
- A monopolist chooses the products it makes available to the consumer
- The monopolist sets prices and product menu
- All products have identical marginal cost

- After inspecting one product, the consumer updates her expected utility for products having the same attributes
- Going back to a prior inspected product is costless
- The cost of inspecting a product is constant
- Search is sequential: after an inspection, the consumer chooses to stop or keep searching
- The best product to inspect is the one with highest expected utility net of total expected search cost



- The monopolist faces a trade-off between maximizing search and extracting as much rent as possible
- Different prices occur even though consumers perceive products to be identical before search starts



- Paper is well-written
- Assumptions made seem (mostly) reasonable
- In general, the paper provides many intuitions and discussions of the results
- What are the associated policy implications?
- What are the implications for hybrid platform owners?
- Has the monopolist incentives to manipulate the search cost?

Thank you very much!

julia.reimer@uni-wuerzburg.de