# An Empirical Analysis of Search Costs and Price Dispersion

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#### Research questions:

▶ Do sellers play mixing strategies?



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- ▶ What's the relationship between price dispersion, competition and search cost?

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### Theoretical Predictions

- Homogeneous firms
- Exogenous search
- ▶ Heterogeneous search costs (I, M)

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• Loyals and  $\lambda$ 

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mixing strategies nonlinear PD(n,s)

## **Empirical Analysis**

- Institutional fit
- ▶ Temporal price dispersion
- ▶ Price dispersion and "cleaned prices":  $p_i = \theta_i + p$  with p drawn from F(p) (Wildenbeest, 2011)

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