

Empirical Industrial Organization

Course title – Intitulé du cours	Empirical Industrial Organization
Level / Semester – Niveau / semestre	1
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	Pierre Dubois
Other teacher(s) – Autre(s) enseignant(s)	
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Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	15
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English
TA and/or TP Language – Langue des TD et/ou TP	

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

Pierre Dubois

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Course Objectives – Objectifs du cours :

This course will present some important methods in empirical Industrial Organization. The objective is to familiarize students with the structural econometric methodologies used in empirical industrial organization. We will provide solid grounding in understanding the structure of markets, the strategic behavior of firms, and show how to estimate typical models and interpret the results in an empirical study. The course will start with the study of demand modeling in IO and applications to the analysis of market power, and mergers. There are many policy issues (on anti-trust and regulation) and commercial implications of these techniques as it allows, understanding product positioning, pricing, advertising, merger analysis.

Prerequisites – Pré requis :

Knowledge of linear and non-linear econometric methods, generalized method of moments is required.

Practical information about the sessions – Modalités pratiques de gestion du cours :

Grading system – Modalités d'évaluation :

Written exam

Problem set (empirical exercise with econometrics software)

Bibliography/references – Bibliographie/références :

1. Differentiated products demand

1.1. Theory and estimation on micro data

Hausman J., G. Leonard, and D. Zona (1994) "Competitive Analysis with Differentiated Products" *Annales d'Économie et de Statistique*, 34, 159-180

McFadden D. and K. Train (2000) "Mixed MNL Models for Discrete Response" *Journal of Applied Econometrics*, 15, 5, 447-470.

Train K. (2009) *Discrete Choice Methods with Simulation*, Cambridge University Press

1.2. Theory and estimation on aggregate data

(*) Berry, S. T. (1994) "Estimating discrete-choice models of product differentiation", *RAND Journal of Economics*, 25, 2, 242-262

(*) Berry S. T., J. Levinsohn, and A. Pakes (1995) "Automobile prices in market equilibrium", *Econometrica*, 63, 4, 841-890

Nevo, A. (2000) "A practitioner's guide to estimation of random coefficients logit models of demand", *Journal of Economics & Management Strategy*, 9, 4, 513-548

Knittel C. R. and K. Metaxoglou (2014) "Estimation of Random Coefficient Demand Models: Challenges, Difficulties and Warnings", *Review of Economics and Statistics*, 96, 1, 34-59

Petrin A. and K. Train (2010) "A Control Function Approach to Endogeneity in Consumer Choice Models" *Journal of Marketing Research*, 47, 1, 3-13

2. Measuring market power and merger analysis

2.1 Market power estimation

Nevo, A. (2001) "Measuring Market Power in the Ready-to-Eat Cereal Industry", *Econometrica*, 69(2), 307-342

2.2. Merger analysis and simulation

(*) Nevo, A. (2000) "Mergers with Differentiated Products: the Case of the Ready-to-Eat Cereal Industry", *RAND Journal of Economics*, 31, 395-421.

Gowrisankaran, G., A. Nevo, and R. Town (2015) "Mergers When Prices Are Negotiated: Evidence from the Hospital Industry" *American Economic Review*, 105(1): 172-203

Björnerstedt J. and F. Verboven (2016) "Does Merger Simulation Work? Evidence from the Swedish Analgesics Market", *AMERICAN ECONOMIC JOURNAL: APPLIED ECONOMICS* VOL. 8, NO. 3, JULY 2016

3. Measuring consumer welfare

Trajtenberg M. (1989) "The Welfare Analysis of Product Innovations, with an Application to Computed Tomography Scanners" *Journal of Political Economy*, 97, 2, 444-479

(* Petrin (2002) "Quantifying the Benefits of New Products: The Case of the Minivan," *Journal of Political Economy*, 110:705-729

Dubois P., R. Griffith, M. O'Connell (2018) "The Effects of Banning Advertising in Junk Food Markets" *Review of Economic Studies*, 1, 1, 396-436