

Abstract of a paper to be presented at the
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International Price Differences in Online Markets – Evidence from Portable Computers

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We analyze international price differences and market integration, when products are sold through both a traditional and an online distribution channel. Focusing on the portable computer industry, we first document and compare the presence of international price differences across both distribution channels, and we analyze the role of geo-blocking practices. We subsequently estimate a differentiated products oligopoly model to study the sources of the international price differences. We find that local distribution costs are an important factor, also for products that are sold through the online distribution channel. Finally, we use our model to perform policy counterfactuals on the impact of removing the possibility to engage in geo-blocking practices.