

Abstract of a paper to be presented at the
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Sales Information, Quality, and Competition

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This paper considers the informational role of sales-rankings in an oligopolistic market for a new product. Sales information may allow consumers to learn about the products' qualities. Buyers face a tradeoff between an early uninformed purchase at a low (introductory) price and a late informed purchase at a high (regular) price. Firms compete by committing to an introductory and a regular price. Introductory prices influence future demand via their effect on the firms' sales ranking. We derive the conditions under which sales-rankings can be informative and determine their effect on consumer surplus and overall welfare.