

DIW Applied Micro Seminar

Ethnic discrimination on an online marketplace of vacation rentals

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Abstract:

We use data from an online market of vacation rentals to measure the ethnic price discrimination towards properties' owners and to distinguish statistical from taste-based discrimination. Following a strategy Altonji and Pierret (2001), we take advantage of the existence of a detailed reviewing system to measure the influence of better signals on prices and of the panel dimension of our data. First, controlling for a rich set of characteristics reduces the ethnic price gap from 10% to 3%. Then, using the longitudinal nature of our data, we show that, conditional of the last rating obtained by the listing, an additional review increases the price more for minority than for majority owners. This result is compatible with the existence of statistical discrimination on this market.