

1-day seminar on "Behavioral Industrial Organization"

Winter Term 2012/13

For Master students in Economics and Diploma VWL students

First meeting and allocation of seminar topics: Monday, October 29, 2012, 15:00, CB 01.005

Seminar: Friday, January 25, 2013, 9:00 – 18:00, CB 00.028

- **Prerequisites:** none
- **Language:** English (unless **all** students prefer German)
- **Required:** Write and present seminar paper, participate actively in discussions.
- **Objective:** Present a topic so that the seminar participants understand the paper's content. The literature below is only a *starting point*. Additional reading is required. A mere translation of English literature won't suffice.
- Using EconLit (on the university library's page) or ein [Discussion Paper Archive](#) may be helpful, as well as [Google Scholar](#).

Background reading:

- Ellison, Glenn (2006), Bounded Rationality in Industrial Organization, in: Advances in economics and econometrics: theory and applications, ninth World Congress (2), eds: Richard Blundell, Whitney K. Newey, Torsten Persson, Cambridge University Press.
- Spiegler, Ran (2011), Bounded Rationality and Industrial Organization, Oxford University Press.

Possible Topics

Loss Aversion and Reference-Point Dependent Preferences

- Heidhues, P. and Köszegi, B., 2008, Competition and Price Variation when Consumers are Loss Averse, *American Economic Review*, 98(4):1245–1268.
- Herweg, F., Müller, D. and Weinschenk, P., 2010, Binary Payment Schemes: Moral Hazard and Loss Aversion, *American Economic Review*, 100(5): 2451–2477.
- Hahn, J.-H. and Kim, J. and Kim, S.-H. and Lee, J. (2010), Screening Loss Averse Consumers, working paper.

Time-inconsistent consumers

- DellaVigna, S. and Malmendier, U., 2006, Paying Not to Go to the Gym, *American Economic Review*, 96(3):694–719.
- DellaVigna, S. and Malmendier, U. (2004), Contract Design and Self Control: Theory and Evidence, *Quarterly Journal of Economics* 119, 353–402.
- Heidhues, P. and Köszegi, B., 2010, Exploiting Naivete about Self-Control in the Credit Market, *American Economic Review*, 100(5): 2279–2303.

Markets with boundedly rational or differentially informed consumers

- Carlin, B. (2009), Strategic Price Complexity in Retail Financial Markets, *Journal of Financial Economics*, 91(3): 278-287.
- Ellison, G. and Wolitzky (2009), A., A Search-Cost Model of Obfuscation, NBER Working Paper 15237.
- Gabaix, X., and Laibson, D. (2006), Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive Markets, *Quarterly Journal of Economics*, 121(2): 505-540.
- Piccione, M. and Spiegler, R. (2011) Price Competition under Limited Comparability, working paper.
- Chioveanu, I. and Zhou, J. (2011), Price Competition with Consumer Confusion, working paper.

Overconfidence

- Grubb, M. (2009), Selling to Overconfident Consumers, *American Economic Review*, 99(5): 1770-1807.
- Sandroni, A. and Squintani, F. (2007), Overconfidence, Insurance and Paternalism, *American Economic Review*, 99(5): 1994-2004.

Attention/inattention

- Armstrong, M. and Chen, Y. (2009), Inattentive Consumers and Product Quality, *Journal of the European Economic Association*, 7(2-3): 411-421.
- Eliaz, K. and Spiegler, R. (2011), On the strategic use of attention grabbers, *Theoretical Economics*, 6, 127-155.
- Köszegi, B. and Szeidl, A. (2011), A Model of Focusing in Economic Choice, working paper.

Behavioral decision-making by firms

- Al-Najjar, N., Baliga, S. and Besanko, D. (2008), Market forces meet behavioral biases: cost misallocation and irrational pricing, *RAND Journal of Economics*, 39(1): 214-317.
- Goel, A. M. and Thakor, A. V. (forthcoming), Do Envious CEOs Cause Merger Waves?, forthcoming in *Review of Financial Studies*.

Other

- Kuksov, D., and J. M. Villas-Boas (2010), When More Alternatives Lead to Less Choice, *Marketing Science*, 29(3), 507-524.
- Eliaz, K., and R. Spiegler (2011), Consideration Sets and Competitive Marketing, *Review of Economic Studies*, 78 (1), 235-262.
- Jain, S. (2009), Self-Control and Optimal Goals: A Theoretical Analysis, *Marketing Science*, 28(6), 1027-1045.