



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941, FAX: 06221/54-3592
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

AWI This Week

Monday, 14.1.13

Departmental Seminar

17.15-18.45

Fernando Pigeard de Almeida Prado,
University of Sao Paolo

AWI 00.010

"Network externalities, coalition of consumers and
product differentiation"

Wednesday, 16.1.13

Departmental Workshop

17.15-18.45

Johannes Lohse and Sara Kettner,
University of Heidelberg

AWI 00.010

"Public good games and public good provision –
is there a difference?
Evidence from an artefactual field experiment"

Jour Fix

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

Departmental Seminar

Fernando Pigead de Almeida Prado

"Network externalities, coalition of consumers and product differentiation"

We present a dynamic game of location-price competition between two firms. Differently from other Hotelling's type models, we assume that consumers are positively influenced by the product choices of others and decide in groups of limited sizes where to consume from. Our model suggests the existence of three types of oligopolies. Depending on the strength of the network externalities and on the size of consumers' coalitions, firms may agglomerate, separate, or keep intermediary distances to one another. This result generalizes the standard result on location-price competition. It provides insights into product differentiation behaviors in cases where consumers enjoy consuming products in the company of others (Becker, 1991).

Departmental Workshop

Johannes Lohse and Sara Kettner

"Public good games and public good provision – is there a difference? Evidence from an artefactual field experiment"

The public goods literature has produced ample experimental evidence under which conditions problems of public good provision can be solved. However as most of this research is based on observing student behavior in an abstract laboratory setting, conclusions regarding the provision of real world public goods might be premature. Students are not only a special subpopulation that might behave differently than the general public, but it is also unclear if behavior in the abstract public good game is a good indicator for real world behavior. We test these propositions experimentally by comparing students to members of the general public in an artefactual field experiment. We employ a standard public goods game and a real contribution task in which participants can reduce CO₂ emissions in a within subjects design. We find that non-student subjects give higher amounts both to the abstract and the real public good. Hence observing students underestimates real world contributions. On the individual level behavior in the laboratory public goods game is not informative on the size of contributions to the real public good. This casts some doubt whether results from abstract public good games should be readily applied to the context of real public goods such as climate change mitigation.

*with T. Goeschl and C. Schwieren

Miscellaneous

Alec Sproten, former Ph. D. student of Christiane Schwieren, has successfully defended his doctoral thesis on "Development Neuroeconomics: Lifeplan Changes in Economic Decision Making", January 8.

**Editorial deadline for issue 3/2013 of the newsletter:
Wednesday, January 16, 2013, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.