

Clicks, Discontinuities, and Firm Demand Online

Baye, 2009

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1 Introduction

2 Data

3 Estimation Methodology

- How Firms Obtain Clicks

4 Continuous Model

- Estimated by Product

Motivation

- Clicks: the currency of the realm in online markets
- "low product price is key" - How "key" is it?

Overview

- Dataset from Kelkoo
- Estimate the size of the jump(60%) and find it economically and statistically significant
- Firm's elasticity of clicks with respect to price(accounted for the jump) is more elastic in online market where competition is keener(monopoly -2, competitive -6)



Variables

- Product-specific
- Firm-specific
- Time effects

Methods

- Poisson-based PML approach

