For multichannel retailers, pricing strategy can be difficult to execute and confusing to shoppers. Research by Elie Ofek and colleagues offers alternative approaches to getting the price right.  
   
 Open for comment; 4 Comments posted.

For companies with lots of innovation stuffed in their products, getting the price right is a crucial decision. Stefan Thomke discusses how watchmaker A. Lange & Söhne puts a price on its 173-year-old craftsmanship.  
   
 Open for comment; 9 Comments posted.

Online retailers should take a tip from brick-and-mortar shops: Shove your best deals to the back of the store. Research by Thales Teixeira and Donald Ngwe.  
   
 Open for comment; 11 Comments posted.

Most investments in startups should never be made, at least when using by-the-numbers reasoning. But funded they are. Laura Huang believes investors use gut instinct to manage that risk.  
   
 Open for comment; 5 Comments posted.

Over the last 20 years, shortcomings of classical asset-pricing models have motivated research in developing alternative methods for measuring ex ante expected stock returns. This study evaluates the main paradigms for deriving firm-level expected return proxies (ERPs) and proposes a new framework for estimating them.

This study is the first to examine analysts’ incentives vis-à-vis the government in a context where government has the ability and motives to influence capital market institutions. The paper highlights the role of government incentives in analysts’ behavior and output.

A study by Boris Vallee and Yao Zeng says savvy investors on peer-to-peer lending platforms are upsetting a delicate balance that makes those systems work for borrowers.  
   
 Open for comment; 5 Comments posted.

Governments sometimes consider targeted price controls when popular goods become less affordable. Looking at price controls in Argentina between 2007 and 2015, this study’s findings suggest that new technologies like mobile phones are allowing governments to better enforce targeted price control programs, but the impact of these policies on aggregate inflation is small and short-lived.

The increasing availability of big data can improve measurement of real consumption in closer to real time. This study shows that online prices may enhance data of the International Comparisons Program, dramatically improving the frequency and transparency of purchasing power parities compared with traditional data collection methods.

BlackRock CEO Larry Fink’s open letter to CEOs has reignited the “shareholders versus stakeholders” debate. Bill George says it's actually not much of a debate: mission-driven, values-centered companies perform better.  
   
 Open for comment; 7 Comments posted.

Digitizing patient information promised to cut health care costs by driving down administrative expenses. So why can it cost a doctor more than $200 to process a single bill? New research by Robert Kaplan and colleagues.  
   
 Open for comment; 17 Comments posted.

Trade credit represents about a quarter of the liabilities of US firms. There are several theories explaining this fact. This study reexamines whether suppliers hold private information about their trade partners, by analyzing their behavior in bankruptcy.

Small-scale entrepreneurs throughout the developing world often rely on moneylenders for working capital but at exorbitant interest rates. Results of three experiments involving market vendors in India and the Philippines show the difficulty that small-scale entrepreneurs face in escaping usage of moneylender debt.

Using a unique dataset for the entire Swedish population, this study of household consumption in response to changes in capital gains and dividends shows that the marginal propensity to consume (MPC) out of capital gains for households in the top 50 percent of financial wealth distribution is relatively uniform and around 5 percent but is more than 10 percent for the bottom 50 percent. These results explain why the recent stock market rally ignited a spending splurge that is cutting into how much households save for rainy days.

Structured products are an innovative class of retail financial products with option-like features. This paper provides empirical evidence suggesting that innovative financial products like these can help alleviate loss aversion and thus the low participation of households in risky asset markets.

In 2014, the authors published an influential analysis of private equity buyouts in the American Economic Review. Recently, economists Brian Ayash and Mahdi Rastad have challenged the accuracy of those findings. This new paper responds point by point to their critique, contending that it reflects a misunderstanding of the data and methodology behind the original study.

This paper contributes to our understanding of how financing constraints affect the direction of innovation in drug development. The authors develop a new measure of drug novelty based on molecular characteristics, and explore the tradeoffs involved in decisions to develop more novel therapies.  
   
 Open for comment; 0 Comments posted.

This study provides the first quasi-experimental estimate of the long-run elasticity (responsiveness) of residential electricity demand, and finds that it is about double the short-run elasticity. Our findings highlight the importance of accounting for consumption dynamics when evaluating energy policy.

Using data for Spain between 2003 and 2013, this study examines firms’ responses to credit supply shocks during times of boom (expansion) and bust (financial crisis and recession). Results indicate that propagation of these shocks through the Spanish production network doubles the magnitude of the real effects typically estimated in the literature. This study also shows how such effects vary greatly during booms and busts.

Reliance on high leverage is one distinctive component of the bank business model. This study suggests that the aggregate United States banking sector was relatively inefficient between 1960 and 2015. The falling costs of new production technologies in capital markets may further advantage capital markets over banks.