# CAYRUÃ CHAVES FONSECA

PhD Candidate in Economics

CEMFI

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## RESEARCH INTERESTS

Applied Microeconomics, Industrial Organization, Information Economics, Cultural Economics, Economics of Digitization

## REFERENCES

Gerard Llobet
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## PLACEMENT COORDINATORS

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## EDUCATION

**CEMFI**                                                                                  Madrid, Spain
  Ph.D. in Economics                                              2018 - 2023 (expected)
  M.Sc. in Economics and Finance                                              2016 - 2018

**Universidade Federal de Viçosa**                                              Viçosa, Brazil
  B.Sc. in Industrial Engineering                                              2016 – 2018
    Study Abroad: University of New South Wales, Sydney, Australia        2012 – 2013
    Study Abroad: University of West Florida, Pensacola, USA                    Fall 2011

## JOB MARKET PAPER

**Culture and Social Influence: Evidence from Online Reviews**

*Abstract:* I study the interplay between culture and social influence using online reviews on Tripadvisor. To measure social influence, I estimate the effect of a restaurant's average rating

on the next review it receives. To evaluate the role of culture, I use cross-country variation in individualism. Exploring discontinuities in the way Tripadvisor displays average ratings, I find that individualism matters to determine social influence. A discontinuous increase of 0.5 stars in a restaurant's average rating leads reviewers from the least individualistic cultures to report ratings that are 0.1 stars higher. On the other hand, the effect for reviewers from the most individualistic countries is not statistically significant. The relationship between individualism and reviewers' tendency to conform to the average of past ratings cannot be explained by country-level predictors of individualism, such as income or religion. Moreover, using cross-regional variation within Italy, I show that the correlation between cultural values and social influence holds across reviewers from the same country. My findings imply that when a significant fraction of reviewers come from cultures with low levels of individualism, average ratings will take longer to converge to firms' real quality.

## WORKING PAPERS

### The Effects of Short-Term Rental Regulations: Evidence from the city of Santa Monica

*Abstract:* This paper studies the impacts of a specific regulation restricting short-term rental activity, the Home-Sharing Ordinance, adopted in the city of Santa Monica in May 2015. It mainly focuses on carefully estimating how the ordinance has affected the number of housing units operating on Airbnb's platform. Using a dataset of Airbnb listings in the area surrounding the city of Los Angeles, I find that the ordinance has reduced the number of entire homes listed on Airbnb in Santa Monica by approximately 61%. I also study the impacts of this regulation on the long-term rental market and find no evidence of a significant effect of the ordinance on residential rents in Santa Monica. Finally, I provide suggestive evidence of how the policy under study has affected housing reallocation in the city.

## WORK IN PROGRESS

### Living With Tourists: Local Effects of Home-Sharing

*Abstract:* This paper empirically studies the impacts of short-term rental and home-sharing activities on neighborhood-level outcomes. It focuses on the city of Madrid and builds a comprehensive dataset of Airbnb activity and core neighborhood attributes (house prices, consumption amenities, and jobs) to argue that the increasing presence of touristic apartments affects each one of these core neighborhood attributes. I find that Airbnb activity increases house prices, consumption amenities that are highly demanded by tourists (restaurants), and low-wage jobs. In addition, I use data on cross-neighborhood mobility patterns to show that, directly and indirectly by its effect on house prices, Airbnb activity reduces population density by preventing some of the in-migration of would-be new neighborhood residents.

### Information, Quality Sorting and the Value of Online Reviews

*Abstract:* This article studies the impacts of online reviews on firm dynamics and consumer welfare in the context of the restaurant industry. Preliminary evidence suggests that restaurants

that get reviews early are likely to survive, while entrants with few reviews exit early. To explore a potential explanation, I build a model featuring firms of heterogeneous quality facing static pricing decisions and dynamic entry and exit choices. Imperfectly informed consumers are modeled under the rational inattention framework. They use aggregate information provided by online reviews to form priors regarding quality but can also process additional information at a cost. If the cost to process information is high enough, young firms have to operate at very low profits even if they have high quality. The model highlights that the overall impact of online review websites depends on their effect on consumers' prior beliefs and on the cost of obtaining information from other sources.

## TEACHING ASSISTANTSHIPS

Regulation and Competition Policy (CEMFI's Master in Economics).  2018 and 2019
Main Professor: Gerard Llobet

Web Scraping with Python (CEMFI Undergraduate Summer Course).  2020 and 2021
Main Professor: Diego Puga

Machine Learning in Finance (CEMFI Summer School).  2019 and 2020
Main Professor: Ansgar Walther (Imperial College London)

## RESEARCH ASSISTANTSHIPS

Research Assistant to Anja Grujovic  2018 - 2020
   Task: i) analyze spatial data using QGIS; ii) web scrape and build dataset from Linkedin

Research Assistant to Pedro Mira and Yarine Fawaz  Summer 2017
   Task: analyze data from SHARE (Survey of Health, Ageing and Retirement in Europe)

## SCHOLARSHIPS AND AWARDS

Spanish Ministry of Science, Innovation and Universities FPI Grant  2019 - 2023
   Ph.D. at CEMFI  Madrid, Spain

Fundación Carolina Scholarship  2016 - 2018
   Master in Economics and Finance at CEMFI  Madrid, Spain

Science Without Borders Scholarship (Brazilian Federal Government)  2012 - 2013
   Exchange Student at the University of New South Wales  Sydney, Australia

Arthur Bernardes Medal for Best Overall Grade in Undergraduate Class  2015
   Universidade Federal de Viçosa  Viçosa, Brazil

## SERVICE

Organizer of CEMFI's Firms and Markets Workshop                              2019 - 2021

**SKILLS**

Programming / software: Stata, Python, R, MATLAB, web scraping, big data management
Languages: Portuguese (native), English (fluent), Spanish (fluent)


*Last Updated: November 2022*