

Advertising Case Studies, Data

Cowan, 2022

Benham, 1972

- Benham found that eyeglass prices were substantially higher in U.S. states where advertising was prohibited.

Milyo and Waldfogel, 1999

- Milyo and Waldfogel found that the lifting of prohibition on liquor price advertising on Rhode Island resulted in a substantial decrease in prices, and advertising stores cut prices by more than non-advertising stores.

Tirole, 1988, Ch. 2

Tirole, 1988, Ch. 7.3

Belleflamme and Peitz, 2010, Ch. 6

Bagwell, 2007

[Dixit and Norman, 1978](#)

[Butters, 1977](#)

[Grossman and Shapiro, 1984](#)

[Milgrom and Roberts, 1986](#)

[Kwoka, 1984](#)

- Kwoka collected and studied data on optometric services in seven U.S. cities in 1984, including cities where advertising was prohibited and where it was not. Kwoka found that prices of advertisers and non-advertisers were significantly lower in markets where advertising was practiced, and in such markets prices of advertisers were lower than those of non-advertisers, controlling for per capita income and the population per firm. Kwoka also found that non-advertisers in markets where advertising was practiced spent more time per examination (an indicator of quality) than firms in markets where advertising was prohibited, whereas advertisers in markets where advertising was practiced spent less time per examination. The mean time spent per examination was found to be greater in advertising markets than in restricted markets.
- Voluntary non-advertisers provide greater quality than firms in markets where advertising is prohibited. This could be attributed to lower opportunity cost of time to non-advertisers in advertising markets (since they may serve fewer customers), or greater sensitivity of customers to quality in advertising markets. The latter is supported by Kwoka's further finding that the price of additional examination time is greater in advertising markets than in restricted markets.
- Kwoka estimates that a removal of advertising restrictions would result in a decrease in price but not a decrease in quality.

[Akerberg, 2001](#)