



Seminar

“Competitive Bundling”

(in English)

Professor ZHOU Jidong
Assistant Professor of Economics
Yale School of Management
New Haven, USA



Date: 6 June 2016 (Monday)

Time: 2pm – 3:30pm

Venue: WYL314, Dorothy Y. L. Wong Building

Biography:

Professor Jidong Zhou’s research fields include applied microeconomic theory, industrial organization, and behavioral economics. His research mainly examines the market and policy implications of richer models of consumer behavior. He has worked on projects on consumer search, multiproduct pricing, and behavioral industrial organization. One goal of his research is to provide a more solid foundation for competition policy and consumer protection policy. Prior to joining Yale School of Management Professor Zhou was a faculty member in New York University Stern School of Business (2011-2015) and a British Academy Postdoctoral Fellow (2008-2011). Professor Zhou received a B.A. in Management and Economics and an M.A. in Economics from Peking University. He received a Ph.D. in Economics from University College London. Professor Zhou has published papers in top journals such as American Economic Review, Review of Economic Studies, and Rand Journal of Economics.

Abstract:

This paper proposes a framework for studying competitive bundling in an oligopoly market. We find that under certain conditions, relative to separate sales pure bundling raises market prices, benefits firms, and harms consumers when the number of firms is above a threshold (which can be small). This is in contrast to the findings in the duopoly case on which the existing literature often focuses. Our analysis also sheds new light on how consumer valuation dispersion affects price competition more generally. With mixed bundling, having more than two firms raises significant challenges in solving the model. We derive the equilibrium pricing conditions and show that when the number of firms is large, the equilibrium prices have simple approximations and mixed bundling is generally pro-competitive relative to separate sales. Firms’ incentives to bundle are also investigated.