Discussion of

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Offer the best-matching product

- Push demand curve up
- Reduce elasticity of the demand curve

Price discriminate

- Higher pr 0 726demand curve

has K horizontally differentiated products, equal production cost
Consumer(s) random values distributed over finite values per product
Ex-ante,

Actions
chooses privacy policy

Without price discrimination: Firm sets price without responding to the disclosure policy

Signal disclosed to   based on policy
          offers single product to consumer
Consumer discovers his value (only) for the offered product
          makes purchase decision

With price discrimination: Firm sets price per   after observing signal

Firm must offer a single product

Demand curve (or WTP) comes from the population aggregate distribution

i.i.d   may as well offer the same product to everyone

Two forms of non-discrimination, price independent of

1. Disclosure policy and
2. Disclosed information

Information disclosure only affects customer-product matching

Price identical for all products

- full disclosure

Identically priced products, prefer the most valued product

Same result if only the buyer has all the information and can choose any product at equilibrium price

-operating markets (without monopoly)

If full disclosure is possible, it achieves optimal matching

Depends on:

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Buyer preferences i.i.d.

Information disclosure affects customer-product matching and prices

1. Disclosure policy and
2. Actual disclosed information

Customer-Product match may be worse

worse match

5

Discrimination result holds

Can even increase total surplus (if K is small)

disclosure, prices at
   Increases efficiency
   Minimal consumer surplus
   Dystopian?
Disclosure qualitatively different from reporting