Discussion of 'Selling Cookies' by Bergemann & Bor

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4 points

Inference on A^C

interpretation of the model

Linear pricing

model misspeci cation

Dynamic price discrimination

consumer surplus

Comparison of monopoly and fragmentation

increasing returns to scale and double marginalization

Model

- Firm's pro ts are: $vq \quad m(q)$
  - optimal q depends on v
- Firm buys information on v
  - for a set of consumers (those with v 2 A), tell me v exactly
  - inference on A^C
  - pay for the consumers with v 2 A; inference is free

Model

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Inference on A^C central to the analysis

Inference on $\mathcal{A}^C$: simple example

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- = vq q;
  - v $Unif\ [0;1]$
  - q 2 f0; 1g
  - q = 1 ( ) $E[v]$ c
- E cient partition: [0; 1] = [0;] [[; 1]

Inference on $\mathcal{A}^{\mathcal{C}}$: simple example

- $= vq \qquad q;$
  - v

Inference on $\mathcal{A}^C$: simple example

- $= qmmqmmq\ qmmq$

Interpretation of the model

- Inference on A^C matters because those consumers are reachable
- Email marketing

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  - c low: give me addresses of people who don't like me...
  - ... so I can send an email to everyone else
  - ... but do I have everyone else's email address?
- Not a shortcoming of the model
  - shortcoming of the exposition
  - emphasize how cookies are *different* from email marketing lists
  - rather than emphasizing the reach of the model

Linear pricing

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- Justi cation: linear pricing is an institutional feature
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- Justi cation: linear pricing is an institutional feature
- But, linear pricing suboptimal in the model
- Use of linear pricing might indicate a missing ingredient

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Dynamic price discrimination

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Mergers lower prices...

- Whenever rms sell complementary goods

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Whenever rms sell complementary goods

Is that what is going on here?

Complementarity of cookies not obvious

Suppose $v \in \{1; 2; 3; 4; 5\}$

Value of cookie $v = 1$

optimization on $v = 1$
inference on A^C

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Thank you