

Febrero 2022

ART4_A1_2022_3

N° de serie

Artículo Científico

Search intensity, search time and prices: evidence from retail diesel markets in France

Autores

Jeisson Cárdenas

Jesús Otero

Luis H. Gutiérrez



ALIANZA EFI
Economía Formal e Inclusiva



Search intensity, search time and prices: evidence from retail diesel markets in France

Jeisson Cárdenas¹ · Jesús Otero² · Luis H. Gutiérrez²

Accepted: 1 February 2022 / Published online: 19 February 2022
© The Author(s) 2022

Abstract

We study the effect of price variations over time and across space on search intensity and search time by consumers in retail markets for diesel in France. The main contribution of the paper is that existing work in industrial organisation in this area has already studied the effect of such variability on the first measure of search but not on the second one. Using novel data from daily consultation measures and price information from a government-run website, we find that price dispersion across space increases search activity and the amount of time allocated to search. Furthermore, while contemporaneous price changes do not appear to influence the number of visits and time per visit to the website, several coefficients on past price changes are positive and statistically different from zero. Our results thus suggest that price dispersion and price variability play a role in inducing search by current and potential customers.

Keywords Search · Price dispersion · Price disclosure · Diesel

JEL classification D8 · L8

1 Introduction

Ever since Stigler (1961), a growing number of papers have analysed empirically the association between consumer information and price dispersion. Studying gasoline demand, Marvel (1976) finds that both price dispersion at a point in time and price variability over time depend on a set of proxy variables that represent the benefits and costs to consumers of acquiring information. In a review of the literature, Baye et al. (2006) conclude that

✉ Jeisson Cárdenas
jeisson.cardenas-rubio@warwick.ac.uk

Jesús Otero
jesus.otero@urosario.edu.co

Luis H. Gutiérrez
luis.gutierrez@urosario.edu.co

¹ Institute for Employment Research, University of Warwick, Coventry, UK

² Facultad de Economía, Universidad del Rosario, Bogotá, Colombia