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# Price discrimination in informal labor markets in Bogotá: an audit experiment during the 2018 FIFA World Cup

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## Abstract

We conducted an audit experiment to examine whether street vendors in Bogotá (Colombia) exert price discrimination based on buyers' attributes, such as gender and nationality, and based on product characteristics, such as the increasing marginal valuation of items needed to complete a collection. We exploited the seasonal demand for album stickers related to the FIFA World Cup Russia 2018. In our within-subjects design, experimenters carried out in-person audits and quoted a pre-determined list of missing stickers. They interacted with 59 sticker vendors located in five geographic clusters and collected 287 vendor–buyer interactions. We find that prices quoted to foreign buyers are higher than prices quoted to Colombian buyers. By contrast, we do neither find evidence supporting direct gender-based discrimination, nor that vendors charge a higher price per sticker when the list of missing stickers is shorter. We complement the study with a qualitative analysis based on interviews that reveal vendors' pricing strategies, their awareness of price discrimination, and the trade of counterfeits. The qualitative results suggest that price discrimination appears to be unconscious.

**Keywords:** Colombia, Dual labor markets, Football, Latin america, Sports, Street vendors

**JEL Classification:** C93, J46

## 1 Introduction

The coexistence of formal and informal labor markets is prevalent in low and middle-income countries. In particular, street vending accounts for a significant part of their informal labor sector since it is a major source of employment and income in the main cities. Some street vendors sell the same products year-round, while others invest in seasonal products associated to festivities (e.g., Christmas and Halloween) and sports competitions. Selling this type of merchandise potentially comes with greater returns, but it is also tightly connected to higher economic risks. Once the season is over, vendors have to drastically reduce prices to clear stocks or store them for extended periods, which implies additional costs.

For a season related to a sports competition, such as the FIFA World Cup, which we explore in this study, vendors prefer to have an accelerated turnover of merchandise instead of storing it, since it is a very costly option. Therefore, in the absence of posted prices in informal markets, we explore whether price discrimination appears as a possible mechanism, either conscious or unconscious, employed by street vendors to quickly recover their investments.

We explore price discrimination in the market of stickers for the FIFA World Cup's album. The tradition of completing this collection has persisted over decades in Colombia, despite the arrival of digital information to keep track of competitors (teams and players) in the World Cup. Among the different seasonal products associated with the World Cup, such as jerseys and flags, we opted to use stickers since they provide two advantages. First, we can test different discriminatory strategies

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