

# Say it with pictures (...or graphs or tables)

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# Searching for auto insurance

- Consumers search *only* for price
- Know price distributions for each company
- Researchers observe these distributions, the consideration sets and final choices
- Question: How do they search?
- Simulate prices in consideration sets based on search methods

	Percentage of Below-Average Actual Prices in Consideration Sets of Size					
	1	2	3	4	5	6
<i>Homogeneous Goods</i>						
Simultaneous Search		50.13	47.47			
Sequential Search	100.00	57.76	38.86	21.72	12.73	5.93
<i>Differentiated Goods</i>						
Simultaneous Search	50.40	50.90	49.80	51.30		
Sequential Search	86.60	49.90	39.80	30.40	27.90	25.90

# Now look at what real data tell us

Percentage of Below-Expectation Prices in Consideration Sets of Size									
1	2	3	4	5	6	7	8	9	10
47.62	48.95	44.17	50.42	50.14	56.94	32.65	56.25	44.44	50.00
(5.51)	(2.19)	(2.41)	(3.25)	(4.11)	(7.24)	(12.47)	(12.62)	NA	NA

- OK, then what do I need to do?
- (a) Show the result more formally
- (b) Figure out how to structurally estimate the model under the appropriate search method

## Do physicians adapt their behavior to their expectations of future detailing?

- Physicians learn via detailing or costly experimentation
- Are they willing to postpone adoption (and learning via prescriptions) if they expect future detailing?

	<i>Model 1</i>		<i>Model 2</i>	
	<i>Estimate</i>	<i>SE</i>	<i>Estimate</i>	<i>SE</i>
<i>Dependent Variable: Adopt by First Patient</i>				
Constant	.0333	.0111	.0026	.0140
Levitra	.1332	.0129	.1337	.0128
Log(1+ future detailing)	-.0172	.0061	-.0093	.0064
(Days to first patient)/100			.0507	.0142
<i>Dependent Variable: Adopt by Second Patient</i>				
Constant	.0716	.0160	.0658	.0186
Levitra	.2628	.0209	.2646	.0211
Log(1 + future detailing)	-.0289	.0089	-.0271	.0094
(Days to second patient)/100			.0029	.0048

- Lower adoption by physicians expecting high future detailing reflects willingness to wait for information rather than incur costly experimentation to obtain patient feedback

# Italian motorway system: Between 2007 and 2009, 50 price signs were installed

Before



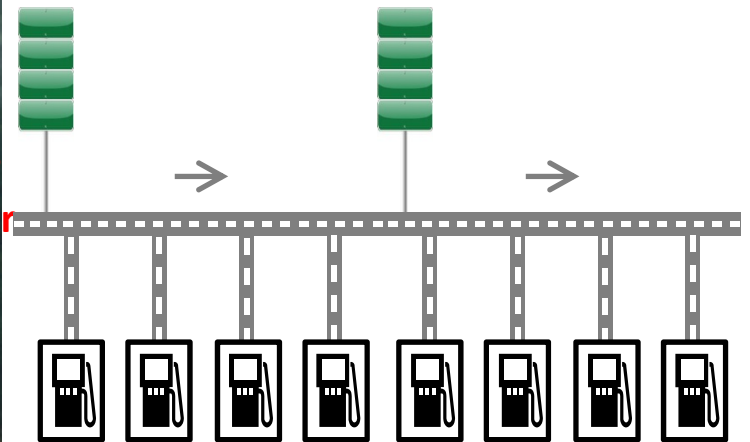
After

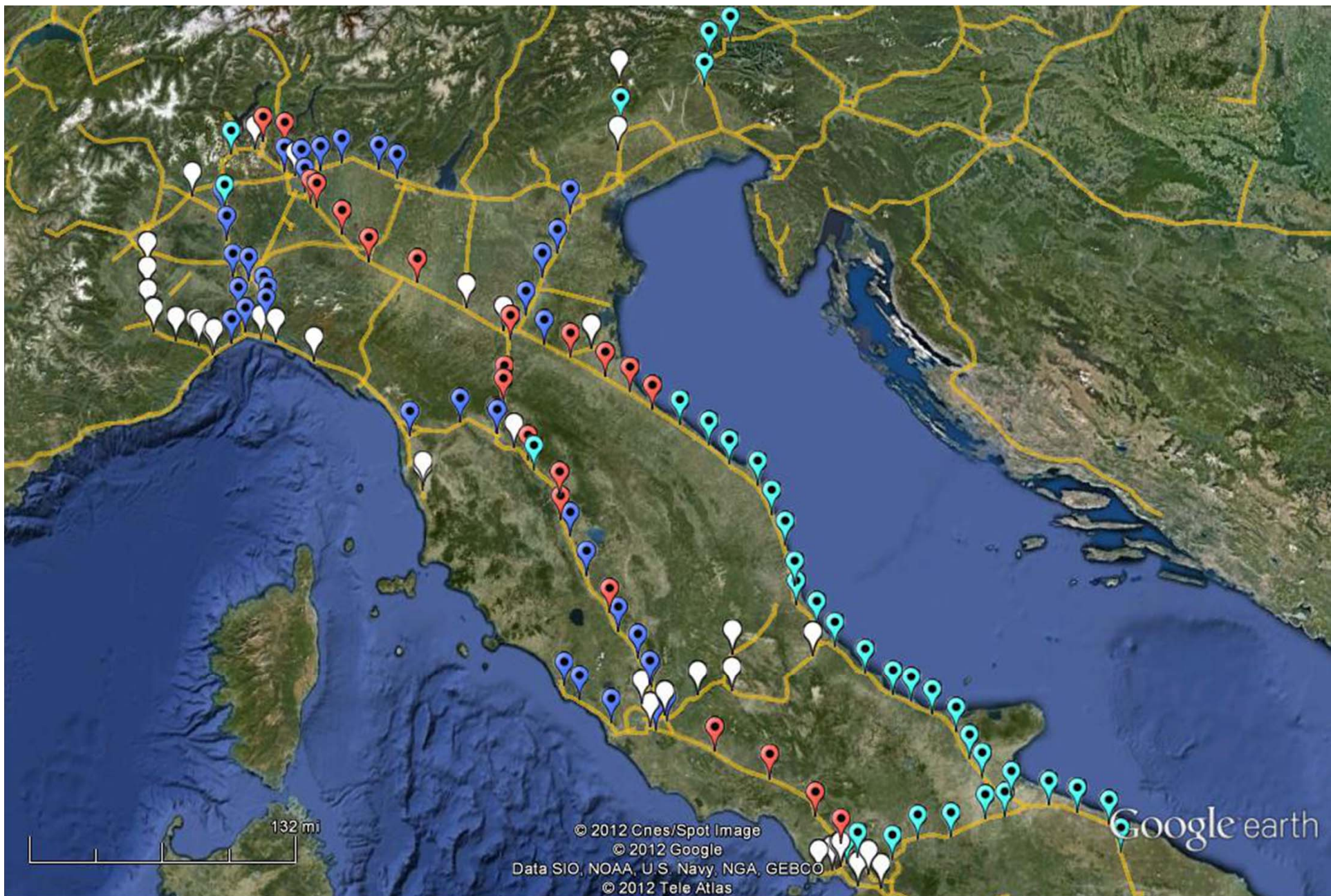
Gasoline Price  
(regular, diesel)

Brand and distance  
of each area

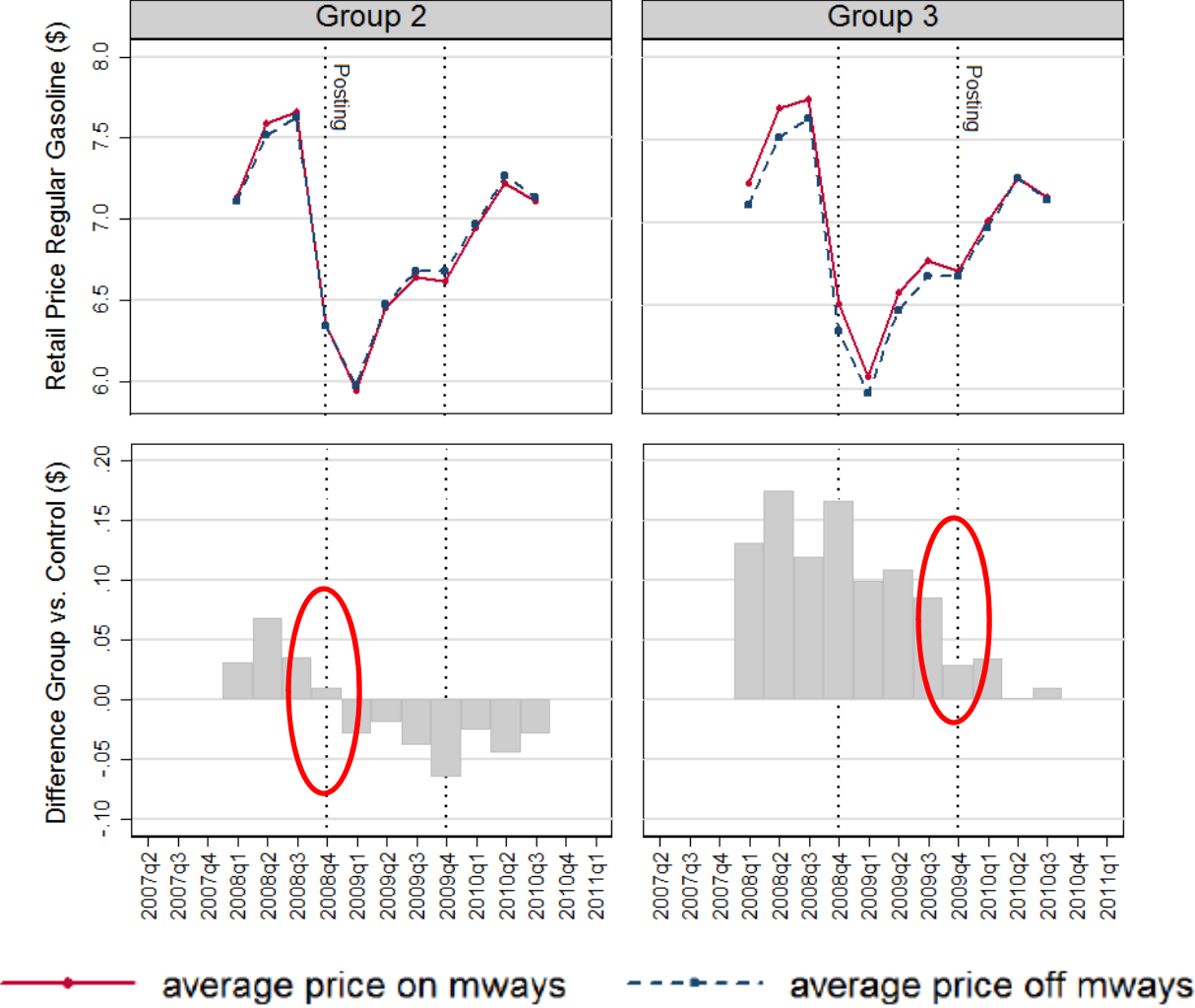


Led helps  
find lower  
price





# Evidence of *own* price posting effect



# Evidence of *cross* price posting effect

