Draft Reading List for MgtEcon 620, Economics of Electronic Commerce and the Internet
Professor Susan Athey
Spring 2013

- Overview and Facts about the Digital Economy
  - Brynjolfsson, Erik and Adam Saunders (2009), *Wired for Innovation: How Information Technology is Reshaping the Economy*, MIT Press.

Data Sources:

- Basics of Information Economics

- Pricing and Bundling
  Background on Price Discrimination and Bundling

**Pricing and Demand for Digital Goods**

- Bresnahan, Timothy, Pai-Ling Yin, Tim Landvoigt, *Information Acquisition and Consumer Choice*
- Danaher, Brett , Yan Huang, Michael D. Smith, Rahul Telang, An Empirical Analysis of Digital Music Bundling Strategies
- Ellison, Sara Fisher, and Christopher Snyder, *An Empirical Study of Pricing Strategies in an Online Market with High-Frequency Price Information*
- Prince, Jeffry, Shane Greenstein, *Does Service Bundling Reduce Churn?*
• Shiller, Benjamin, *Digital Downloads and the Prohibition of Resale Markets for Information Goods*


**Online/Offline**

• Alejandro Zentner, Michael D. Smith, and Cuneyd Kaya, *Bricks Clicks Blockbusters and Long Tails: How Video Rental Patterns Change as Consumers Move Online*

• Chevalier, Judy and Dennis Carlton, "Free Riding and Sales Strategy for the Internet," *Journal of Industrial Economics*, December 2001


• Goolsbee, Austan and Joel Slemrod, "Playing with Fire: Cigarettes Taxes and Competition from the Internet"


• Yu (Jeffrey) Hu, Michael D. Smith, *The Impact of Ebook Distribution on Print Sales: Analysis of a Natural Experiment*

**Network Effects and Standards**

*General theory:*


*Applications:*


Rohlf, Jeffrey, H. 2003, Bandwagon Effects in High Technology Industries, MIT Press


Standards


Two-Sided Markets


Cases/factual background/general readings on two-sided markets:

- Chapters 5 and 6 in Shapiro & Varian.

Media Markets
Theory:

Empirical work:
- Calin, Mihai, Chrysanthos Dellarocas, Elia Palme, Juliana Sutanto, Attention Allocation in Information-Rich Environments: The Case of News Aggregators
- Chiu, Leslie and Catherine Tucker, "Copyright, Digitization, and Aggregation," working paper.
Seamans, Robert and Feng Zhu, *Technology Shocks in Multi-Sided Markets: The Impact of Craigslist on Local Newspapers*


**Match-Making Platforms**

Chan, Jason and Anindya Ghose, *Internet's Dirty Secret: Assessing the Impact of Online Intermediaries on the Outbreaks of Sexually Transmitted Diseases*


Telang, Rahul, Rajiv Garg, *To Be or Not to Be Linked on LinkedIn: Online Social Networks and Job Search*

**Platform Competition**


Online Reputation Mechanisms

General


Bapna, Ravi, Alok Gupta, Sarah Rice, Arun Sundararajan, Trust, Reciprocity and the Strength of Social Ties: An Online Social Network Based Field Experiment


Cabral, Luis, Reputation on the Internet [Revised April 2012], Forthcoming in Peitz and Waldfogel (Eds), The Oxford Handbook of the Digital Economy

Cabral, Luis, Erkut Ozbay, Andrew Schotter, Intrinsic and Instrumental Reciprocity: An Experimental Study [Revised January 2012]


Dina Mayzlin, Yaniv Dover, YJudith A. Chevalier, Promotional Reviews: An Empirical Investigation of Online Review Manipulation


Clausssen, Joerg, Tobias Kretschmer, Philip Mayrhofer, Incentives for Quality over Time – The Case of Facebook Applications


Review Websites


eBay

• Cabral, Luis and Lingfang (Ivy), A Dollar for Your Thoughts: Feedback-Conditional Rebates on eBay

Search, Advertising, Information and Competition on the Internet

Background on Search and Price Dispersion


Price Comparison, Price Dispersion and Product Search

• Hortacsu, Ali, Babur de los Santos and Matthijs Wildenbeest, "Search with Learning", working paper (.pdf)
• Hortacsu, Ali, Babur De los Santos and Matthijs Wildenbeest, Testing models of consumer search using data on web browsing and purchasing behavior (.pdf) , forthcoming, American Economic Review
• Kumar, Anuj, Michael Smith, Rahul Telang, *Information Discovery and the Long Tail of Motion*
  

**Search, Disclosure, and the Long Tail**

• Brynjolfsson, Erik, Hu, Yu Jeffrey and Smith, Michael D., *The Longer Tail: The Changing Shape of Amazon’s Sales Distribution Curve* (September 20, 2010). Available at SSRN:

**General Search Engines and Consumer Behavior**

• Jeziorowski, Przemyslaw and Ilya Segal, *What Makes them Click: Empirical Analysis of Consumer Demand for Search*

**Search Advertising**

• Athey, Susan and Glenn Ellison. 2007. "Position Auctions with Consumer Search."
• CARL MELA, SONG YAO, *A Dynamic Model of Sponsored Search Advertising*
- **CPC/CPA Hybrid Bidding in a Second Price Auction.** Ben Edelman and Hoan Soo Lee. (December 2008)

**Display Advertising Markets**
- Celis, Elisa, Gregory Lewis, Markus Mobius, Hamid Nazerzadeh, *Buy-it-now or Take-a-chance: Price Discrimination through Randomized Auctions*

**Internet Advertising Effectiveness**
- Barajas, Joel, Ramakrishna Akella, Marius Holtan, Jaimie Kwon, Aaron Flores, "Measuring Dynamic Effects of Display Advertising: From Impressions to Commercial Actions"
- Lewis, Randall, Dan Nguyen, *Display Advertising’s Impact on Online Branded Search*
- Lewis, Randall, Justin Rao, David Reiley, *Here, There, and Everywhere: Correlated Online Behaviors Can Lead to Overestimates of the Effects of Advertising*
- Tucker, Catherine, *Social Networks, Personalized Advertising, and Privacy Controls*

- **Auctioning Goods and Services on the Internet**
- Song, U. (2004), "Nonparametric Estimation of an eBay Auction Model with an Unknown Number of Bidders", working paper, University of British Columbia.

### Social Networks

- Bapna, Ravi, Akhmed Umyarov, *Do Your Online Friends Make You Pay? A Randomized Field Experiment in an Online Music Social Network*.
- Goldenberg, Jacob, Gal Oestreicher-Singer, Schachar Reichman, *The Quest for Content: The Integration of Product Networks and Social Networks in Online Content Exploration*.
- Telang, Rahul, Rajiv Garg, *To Be or Not to Be Linked on LinkedIn: Online Social Networks and Job Search*

**Viral Marketing**
- Aral, Sinan, Dylan Walker, *Creating Social Contagion Through Viral Product Design: Theory and Evidence from a Randomized Field Experiment*

**Open Source and User Generated Content**

**Open Source**
- Shapiro, Carol and H. Varian, "Linux Adoption in the Public Sector ", 2004.

Background information on open source:

Open Access to Scholarly Work
• Mark McCabe, Christopher Snyder, Did Online Access to Journals Change the Economics Literature?

Wikipedia

User-Generated Content and Crowdsourcing
Ghose, Ananidya, Panos Ipeirotis, Beibei Li, Estimating Demand in the Hotel Industry by Mining User-Generated and Crowdsourced Content

• IT, Productivity, Data, and Organizational Change

Measuring the Impact of IT on Productivity and Welfare
• Brynjolfsson, Erik, Joo Hee Oh, The Attention Economy: Measuring the Value of Free Goods on the Internet
• Einav, Liran, Mark Jenkins and Jonathan Levin, The Impact of Credit Scoring on Consumer Lending, RAND Journal of Economics, forthcoming
• McCullough, Jeffery S., Stephen Parente, Robert Town, The Effect of Health Information Technology on Patient Outcomes
• McDevitt, Ryan C., The Internet Lowers Inhibitions: Implications for the Long Tail
• Wallsten, Scott What Are We Not Doing When We’re Online And How Much is That Worth?

**IT and Organization**
• BLOOM, Nick, LUIS GARICANO, RAFFAELLA SADUN, JOHN VAN REENEN, *The Distinct Effects of Information Technology and Communication Technology on Firm Organization*

**Data-Driven Business and Experimentation**
• Saunders, Adam, Prasanna Tambe, The Value of Data: Evidence from a Textual Analysis of 10-Ks

**Forecasting using online data**

**IT and Labor Markets**
• DiNardo, John and Pischke, Steven, "The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too?"
• Pabilonia, Sabrina, Cindy Zoghi, *Which Job Skills Are Complementary to IT Adoption and Use?*
• Tambe, Prasanna, Lorin Hitt, *Job Hopping, Knowledge Spillovers and Regional Returns to Information Technology Investments*
• Van Reenen, John, Guy Michaels, Ashwini Natraj, *Has ICT Polarized Skill Demand?*

**Digital Access and Infrastructure Markets**

**Internet Access and Connectivity**

- Flamm, Ken, *Dynamics of Change in Service Quality on US Broadband Networks: An Exploratory Study*
- Rosston, Greg, Scott Savage and Don Waldman. 2010, “Household Demand for Broadband Internet Services,” *BEA Press.* vol. 10(1), article 79. (46 pages)
- Telang, Rahul, Rodrigo Belo, Pedro Ferriera, *The Effects of Broadband in Schools: Evidence from Portugal*

**Overview of Access & Backbone Markets**


**Net Neutrality**


**Cloud Computing**


Background information:

- Ambrust et al, "Clearing the Cloud,"
• **Christopher S. Yoo**, *Cloud Computing: Architectural and Policy Implications*.
• Creeger, Mache, "Cloud Computing: An Overview."
• Cusumano, Michael, "Cloud computing and SaaS as new computing platforms,"
• Zittrain, John, "Lost in the Cloud," New York Times

### Digital Payment Systems


### Background info:

• BITCOIN. The Bitcoin wiki. Available online at https://bitcoin.it.
• Paypal
• Google Wallet
• Bitcoin
• Virtual currencies in role-playing games
• Virtual currencies in gaming systems

### Digitization, Distance, and Density

• Forman, Goldfarb and Greenstein, 2008, Understanding inputs into innovation: Do Cities Substitute for Internet firm resources?” *Journal of Economics and Management Strategy*.
• Forman, Chris, Nicholas van Zeebreuck, "From wires to partners: How the Internet has fostered R&D collaborations within firms," *Management Science*.


• Todd Sinai and Joel Waldfogel, 2004 “Geography and the Internet: Is the Internet a Substitute or a Complement for Cities?”, *Journal of Urban Economics*.

• **Digitization and Innovation**


  • Arrow, Kenneth J. (1956), “Economic welfare and the allocation of resources for invention,” in The Rate and Direction of Incentive Activity, NBER.


  • Forman, Christopher, Nicolas van Zeebroeck, *From Wires to Partners: How the Internet has Fostered R&D Collaborations within Firms*.


  • Shapiro, Carl, "Did Arrow Hit the Bullseye?’’


• **Regulatory Issues**

  • **Antitrust**


    • Choi, Jay Pil, "Antitrust Analysis of Tying Arrangements,"


• **Standing on the Shoulders of Babies: Dominant Firms and Incentives to Innovate**, Luis Cabral and Ben Polak, 2012,

**Privacy**
- Catherine Tucker, *Social Networks, Personalized Advertising, and Privacy Controls*

**Spam**
- David H. Reiley, Jr., Justin Rao, *The Economics of Spam*

**Security**

**Intellectual Property Regulation**
- Hagiu, Andrei and David Yoffie, "Intermediaries in IP Markets" HBS 2011.

**Copyright and Piracy**
- Joel Waldfogel (2009), Music File Sharing and Sales Displacement in the iTunes Era
• Joel Waldfogel, *And the Bands Played On: Digital Disintermediation and the Quality of New Recorded Music*
• Ben Shiler and Joel Waldfogel, "Music for a Song: An Empirical Look at Uniform Song Pricing and its Alternatives" (see also short essay in VOX EU and The Economist)
• Liebowitz, Stan J., "How Reliable is the Oberholzer-Gee and Strumpf Paper on File-Sharing?" (September 2007).
• Varian, Hal. *Copyright term extension and orphan works*, Industrial and corporate change, 15 (6), 965-980.

**BRETT DANAHER, SAMITA DHANASOBHON, MICHAEL D. SMITH, RAHUL TELANG, Converting Pirates without Cannibalizing Purchasers: The Impact of Digital Distribution on Physical Sales and Internet Piracy**

**Background information:**
• Google Book Settlement
  o Amicus Brief pdf in support of settlement

**Taxes**
• Einav, Liran, Dan Knoepfle, Jonathan Levin, and Neel Sundaresan, *Sales Taxes and Internet Commerce*, working paper
• "Evaluating the Costs and Benefits of Taxing Internet Commerce" (Austan Goolsbee and Jonathan Zittrain), *National Tax Journal*, 52(3), September 1999, 413-428.
• Varian, Hal "Taxation of Internet Commerce", Internet Policy Institute.

### Information Technology in Specific Industries

#### Health
• Jeffery S. McCullough, Stephen Parente, Robert Town, *The Effect of Health Information Technology on Patient Outcomes*
• "Electronic Discovery and the Adoption of Information Technology" (Amalia Miller and Catherine Tucker) forthcoming in *Journal of Law, Economics, and Organization*.

#### Trucking

#### Education

#### Insurance