



EINLADUNG ZUR NÄCHSTEN VERANSTALTUNG DES POTSDAM RESEARCH SEMINAR IN ECONOMICS

Wir laden Sie herzlich zur nächsten Veranstaltung des Potsdam Research Seminar in Economics am **24.01.2017** ein.

Das Seminar findet von **14.00 bis 16.00 Uhr** (c.t.) in Raum **3.06.S 27** statt.

Referent:

Dr. Florian Artinger

MPI for Human Development

Thema des Vortrages:

**Heuristic Pricing In An Uncertain Market:
Ecological And Constructivist Rationality**

Abstract:

Markets quickly converge to equilibrium even under information conditions that are much weaker than specified in theory. Given such conditions, how do firms set prices? We test whether, under weak information conditions, firms employ an aspiration level heuristic for price setting. Analyzing the pricing strategies of 745 used car dealers on the basis of online market data and interviews we find that virtually all dealers employ a form of aspiration level pricing. The heuristic generates an aggregate pattern that is well described by a model of equilibrium price dispersion. However, unlike the equilibrium model, the aspiration level heuristic correctly predicts systematic pricing characteristics such as high initial price, price stickiness, and the resulting “cheap twin paradox.” The paper provides first evidence that heuristic pricing can generate higher profits than does the optimization strategy underlying the equilibrium model.

Florian M. Artinger and Gerd Gigerenzer

Wir freuen uns auf Ihre Teilnahme.