Accepted Manuscript

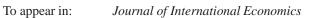
Quality Pricing-to-Market

Raphael A. Auer, Thomas Chaney, Philip Sauré

 PII:
 S0022-1996(17)30137-X

 DOI:
 doi:10.1016/j.jinteco.2017.11.003

 Reference:
 INEC 3092



Received date:3 March 2017Revised date:20 October 2017Accepted date:5 November 2017

Please cite this article as: Auer, Raphael A., Chaney, Thomas, Sauré, Philip, Quality Pricing-to-Market, *Journal of International Economics* (2017), doi:10.1016/j.jinteco.2017.11.003

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



ACCEPTED MANUSCRIPT

QUALITY PRICING-TO-MARKET*

 $\begin{array}{c} {\rm Raphael \ A. \ AUER}^{\dagger} \\ {\rm Bank \ for \ International \ Settlements \ and \ CEPR} \end{array}$

Thomas CHANEY[‡] Science Po and CEPR

Philip Sauré[§] University of Mainz

November 17, 2017

Abstract

This paper analyses firm's pricing-to-market decisions in vertically differentiated industries. We first present a model featuring firms that sell goods of heterogeneous quality levels to consumers who are heterogeneous in their income and thus their marginal willingness to pay for quality increments. We derive closed-form solutions for the unique pricing game under costly international trade. The comparative statics highlight how firms' pricing-to-market decisions are shaped by the interaction of consumer income and good quality. We derive two testable predictions. First, the relative price of high qualities compared to low qualities increases with the income of the destination market. Second, the rate of cost pass-through into consumer prices falls with quality if destination market income is sufficiently high. We present evidence in support of these two predictions based on a dataset of prices, sales, and product attributes in the European car industry.

^{*}This paper is a substantially revised version of our work titled "How do the Prices of Different Goods Respond to Exchange Rate Shocks? A Model of Quality Pricing-to-Market." We thank David Archer, Natalie Chen, Giancarlo Corsetti, Julian di Giovanni, Linda Goldberg, Paul Krugman, Hyun Song Shin, Georg Strasser, Frank Verboven, three anonymous referees and seminar participants at the ASSA Annual Meeting in San Francisco, Austrian National Bank, the Bank of Spain, The CEPR/UPF/CREI Third Annual Workshop on Global Interdependence, the CEPR/SNB Conference of Quality Heterogeneity in International Trade, Columbia University, the European University Institute, Humboldt University, Magyar Nemzeti Bank, Paris School of Economics, University of Munich, the Princeton IES Summer Workshop, the SNF Sinergia - CEPR Conference on Economic Inequality, Labor Markets and International Trade and the Bank for International Settlements. The views expressed in this study do not necessarily reflect those of the Bank for International Settlements.

[†]Email: raphael.auer@bis.org.

[‡]Email: thomas.chaney@gmail.com

[§]Email: philip.saure@uni-mainz.de.

دريافت فورى 🛶 متن كامل مقاله

- امکان دانلود نسخه تمام متن مقالات انگلیسی
 امکان دانلود نسخه ترجمه شده مقالات
 پذیرش سفارش ترجمه تخصصی
 امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
 امکان دانلود رایگان ۲ صفحه اول هر مقاله
 امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
 دانلود فوری مقاله پس از پرداخت آنلاین
 پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات
- ISIArticles مرجع مقالات تخصصی ایران