

On Product Differentiation and Shopping Hours - Five Essays in Industrial Organization

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Abstract

This thesis deals with two topics in Industrial Organization: The first one is the issue of product differentiation, whereas the second one analyzes the impact of deregulation of shopping hours in retail industries. These two subjects are treated in two separate parts.

Part 1 deals with product differentiation and covers three chapters. The first chapter in this part, extends the Salop model by introducing a general purpose product, that is, a product that is suited for all purposes alike. The second chapter lifts the assumption of inelastic demand which is usually assumed in spatial models of product differentiation. We introduce price-dependent demand and analyze the impact on the excess entry theorem. The third chapter in this part integrates the issue of multi-products firms into a spatial model of product differentiation. We state conditions about variety in the segment of high-quality products in contrast to the variety level in the low-quality segment.

Part 2 of the thesis deals with competition over shopping hours in retail industries. In the public and political debate, this topic is controversial. Though there has been a substantial trend towards deregulation in recent years, shopping hours are still regulated in many European countries. In Germany, shopping hours have been liberalized recently. However, the issue whether shopping hours should be further deregulated is still controversial. We treat this issue in two chapters, each chapter focusing on a different aspect of deregulation of shopping hours: The first chapter is concerned

with competition over shopping hours when entry into the industry is endogenous. The second chapter of this part analyzes the unequal impact of a deregulation on retailers of different sizes, namely we study competition between a large retail chain and a small corner shop.