



National Bank of Serbia



UNIVERSITY OF BELGRADE
Faculty of Economics

**NATIONAL BANK OF SERBIA AND
FACULTY OF ECONOMICS IN BELGRADE**

are pleased to invite you to

THE BELGRADE RESEARCH SEMINAR ON ECONOMICS AND FINANCE

Speaker:

Phd Hans Jarle Kind

on the following topic

**“PERSONALIZED PRICING DISABLES RIVALS
TO SOFTEN COMPETITION”**

Date and time: Tuesday, May 28, 2019 at 1pm.

Venue: Professors' hall, Faculty of economics, Kamenička 6, 1st floor.

Abstract : Consumers leave increasingly more digital footprints, and this improves firms' ability to practice personalized pricing (first-degree price discrimination) instead of uniform pricing. Other things equal, it is a dominant strategy for a firm to use personalized pricing, because it can then charge each consumer a price which equals that consumer's willingness to pay for the good. An equilibrium with personalized pricing nonetheless constitutes a prisoner's dilemma for competing firms; they end up with lower profit than if they all used uniform pricing. The reason is that with personalized pricing, firms compete fiercely for each single consumer. Typically, though, imperfectly competitive firms have other strategic choice variables than just prices. For instance, it is well known that under uniform pricing, each firm might differentiate its product from that of the rival in order to make the rival less aggressive. We show that this is not true under personalized pricing; then firms cannot use product differentiation or other non-price strategic variables as a tool to reduce the competitive pressure. Once we take this into account, the theory no longer predicts that it necessarily is a dominant strategy to use personalized pricing. Indeed, it might be a dominant strategy to commit to using uniform pricing.

Short biography: Hans Jarle Kind became full professor in 2006. He received his PhD degree in Economics from NHH (Norwegian school of economics) in 1999. His main research interests are in the fields of industrial organization, international trade and taxation, with a focus on the media and telecommunications sectors. Kind has been in charge of several large research projects, funded by both the private and the public sector. He has published 46 papers in international journals, such as International Economic Review, International Journal of Industrial Organization, Management Science, RAND Journal of Economics, European Economic Review, Journal of International Economics, Economica, Journal of Public Economics, among others He has also published in Handbook of Media Economics (Elsevier) and Handbook on the Economics of the Media (Edward Elgar). In 2013 he received the "Master's students' award for excellence in teaching".