

ESSAYS ON RETAIL PRICING

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ABSTRACT

Most empirical literature on Walmart Supercenters quantifies the price effect of Supercenter entries using lower frequency data (annual or monthly) and does not take into account finer geographical detail of retail markets experiencing Walmart entries. There is also very little empirical research on quantifying the impact of secondary entries by Walmart Supercenters in retail markets. We fill this gap by quantifying the price effect of secondary Supercenter entries into a specific retail market: Columbia, Missouri. We make use of hand-collected weekly price data spanning four time periods from 2006 to 2008 and do not find any evidence of negative price effect either in immediate term or in medium term following the opening of the two Walmart Supercenters in Columbia, Missouri. This result holds for all types of products and for grocery stores of all sizes.

There is a dearth of economic literature that quantifies price pass-through following minimum-wage changes. We fill this gap by using a dataset of U.S minimum-wage histories from 1993-2012 along with micro-level price data on specific food products in the fast-food industry during the same time period. We find evidence that minimum-wage increases are associated with statistically significant increases in fast-food prices. However, we also find evidence that minimum-wage hikes are in fact endogenous to prevailing costs of living and correlated with the error term. This endogeneity bias suggests that that actual minimum-wage price elasticity may be much smaller than as estimated in earlier empirical literature on the subject.