

This file explains how to simulate outcomes from personalized pricing from Shiller (2020).

Shiller (2020) estimates individual-level parameters indicating individual preferences for Netflix (circa 2006) for approximately 60,000 individuals using ComScore data. The data posted here constitute the estimated preference parameters for 999 consumers that reflect the overall distribution of consumers.

The file, which is in MATLAB format, includes all parameters needed to simulate profits and welfare under personalized pricing. The parameters include the price sensitivity α , individual- and product-specific parameters $\xi_i = \nu_i + \delta_j$, and marginal costs. Individual-specific purchase probabilities and firm profits can be calculated as specified in Equations 2 and 4 in Shiller (2020), taking note of footnote 34.

References

Shiller, Benjamin Reed. "Approximating purchase propensities and reservation prices from broad consumer tracking." **International Economic Review** 61.2 (2020): 847-870.

Supplement: Personalized Pricing Data Posted Online

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1 Introduction