

Abstract of a paper to be presented at the
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Intertemporal Price Discrimination with Multiple Products and Seller Commitment

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Intertemporal price discrimination is widespread. We study the multiproduct monopoly profit maximisation problem for a seller, without binding capacity constraints, who can commit to future price reductions. We derive a sufficient condition for dynamic pricing to be profitable: the appropriate cross-partial derivative of the profit function must be negative. Hence we show that Stokey's celebrated no-discrimination-across-time result does not extend to multiple goods in many classes of cases, including normal distributions of valuations. We show that profits can be increased by dynamic pricing for the cross-sell, rationalising a prominent sales approach in marketing.