Seminario 8 Revealing Bargaining Power through Wholesale prices

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Universidad de Chile

Abstract: In vertical relationships in which manufacturers and retailers bargain over a volatile surplus, negotiated wholesale prices determine both payoffs and risk-exposure. We use actual wholesale prices to study the profit-sharing and risk-sharing behavior of manufacturers and retailers in the coffee industry in Chile. We find that small manufacturers are able to earn a sizable fraction of the pie and that most cost shocks are absorbed by upstream manufacturers. Thus, our results do not support the standard assumption that bargaining firms deal equally well with risk. Calibration of a Nash bargaining model confirms small manufacturers' substantial bargaining power.

Fecha: Jueves, 28 de agosto
Lugar: Salón 101C de Icesi, calle 18 #122-135
Hora: 10:00 am

Documentos del evento

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Fuente: https://www.banrep.gov.co/es/sse-cali-8