Match Quality, Search, and the Internet Market for Used Books

Based on Ellison and Ellison 2014
Used Book Market

- Traditionally very unconcentrated, many small, independent brick and mortar stores.
- Some used book dealers started websites with listings in 1994.
- AbeBooks started aggregating listings from physical stores in British Columbia, but grew to 100 million listings by 2007.
- Abebooks was acquired by Amazon in 2008, started having listings appear as “buy used” in 2010.
There are many ways to buy used books online
The Reign of George III, 1760–1815

You Searched For: Title: "The Reign of George III 1760 1815"

Results (1 - 30) of 116

Condition
- All Conditions
  - New Books (7)
  - Used Books (109)

Binding
- All Bindings
  - Hardcover (99)
  - Softcover (5)

Collectible Attributes
- First Edition (15)
- Signed Copy
- Dust Jacket (41)
- Seller-Supplied Images (17)
- Not Printed On Demand

Free Shipping
- ✔ Free US Shipping (10)

Bookseller Location
- All Locations
- Select a Country

Bookseller Rating
- All Booksellers
  - 5 star and up
  - 4 star and up
  - 3 star and up

Search Within These Results:

The Reign of George III 1760–1815

Watson, J S

Published by Oxford Clarendon Press (1964)

Used

Quantity Available: 2

From: Better World Books (Mishawaka, IN, U.S.A.)

Bookseller Rating: ★★★★★


Add to Basket

Price: US$ 7.50

Shipping: Within U.S.A.

More Information About This Seller | Ask Bookseller a Question

The Reign of George III 1760–1815

J. S. Watson

Published by CLARENDON (1964)

Used / Hardcover

Quantity Available: 1

From: Reckhams International (Bristol, SOM, United Kingdom)

Bookseller Rating: ★★★★★


Add to Basket

Price: US$ 1.00

Shipping: US$ 6.66

From United Kingdom to U.S.A.
Model reflecting match quality and search costs

• Brick and mortar stores were de facto monopolists, like the Diamond model. (We allow for different consumer arrival rates, though, which generates equilibrium price dispersion.)

• When used books moved online, there were two effects:
  – Finding a particular title became much easier, resulting in something like an increase in demand.
  – Some consumers behaved like before, but others became “shoppers,” like in the Stahl model.
Two effects

Shift in Monopoly Price Distribution

Addition of Shopper Population

Courtesy of Glenn Ellison and Sara Fisher Ellison.
Empirical investigation

• 300+ titles
  – From brick and mortar stores
  – Matching data online, both 2009 and 2012
  – Three types of titles
    • “standard”
    • local interest
    • popular
Comparison of price distributions

Distribution of Offline Prices
Standard Titles

Distribution of Online Prices
Standard Titles

Courtesy of Glenn Ellison and Sara Fisher Ellison.
Comparison of price distributions

Distribution of Offline Prices
Local Interest Nonpopular Titles

Distribution of Online Prices
Local Interest Nonpopular Titles

Courtesy of Glenn Ellison and Sara Fisher Ellison.
Comparison of price distributions

Courtesy of Glenn Ellison and Sara Fisher Ellison.
But what about the shoppers?

Addition of Shopper Population

Density

Price

Monopoly (v=1.25)  Monopoly + Shoppers (v=1.25)

Courtesy of Glenn Ellison and Sara Fisher Ellison.
Online price distributions over time

Online Prices 2009 vs. 2012
Standard Titles

Online Prices 2009 vs. 2012
Local Interest Nonpopular Titles

Online Prices 2009 vs. 2012
Popular Titles

Courtesy of Glenn Ellison and Sara Fisher Ellison.
What is the bottom line?

• Many online prices are much higher than brick and mortar prices.
• A model highlighting two effects, improved match quality and increased competition due to lower search costs, fits the data well.
• Evidence from different types of books also supports our model.
• Estimates from a structural model suggest that the shift online increased both profits and consumer surplus.