

Global Internet Price Competition

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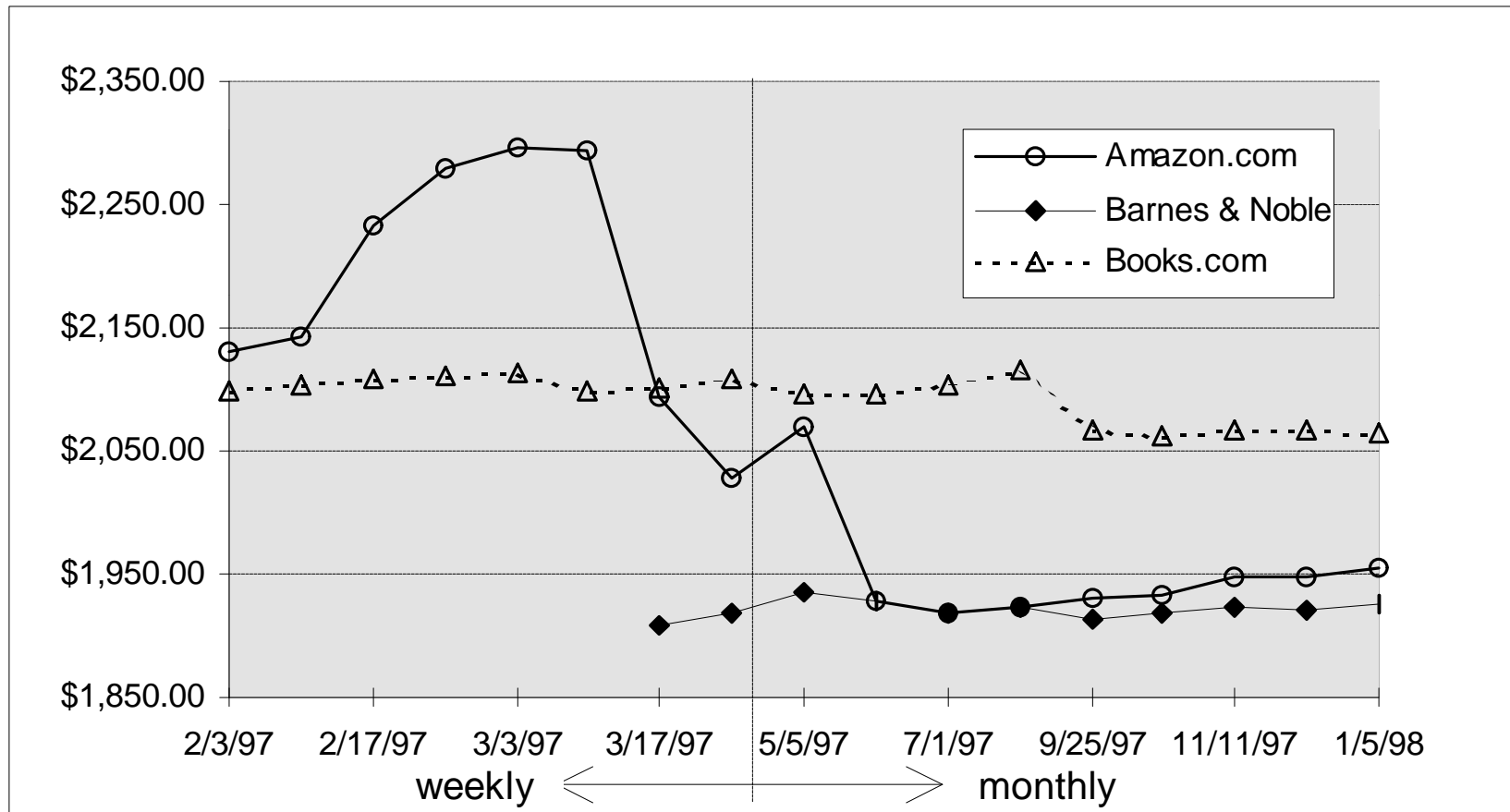
Robert H. Smith School of Business

University of Maryland, USA

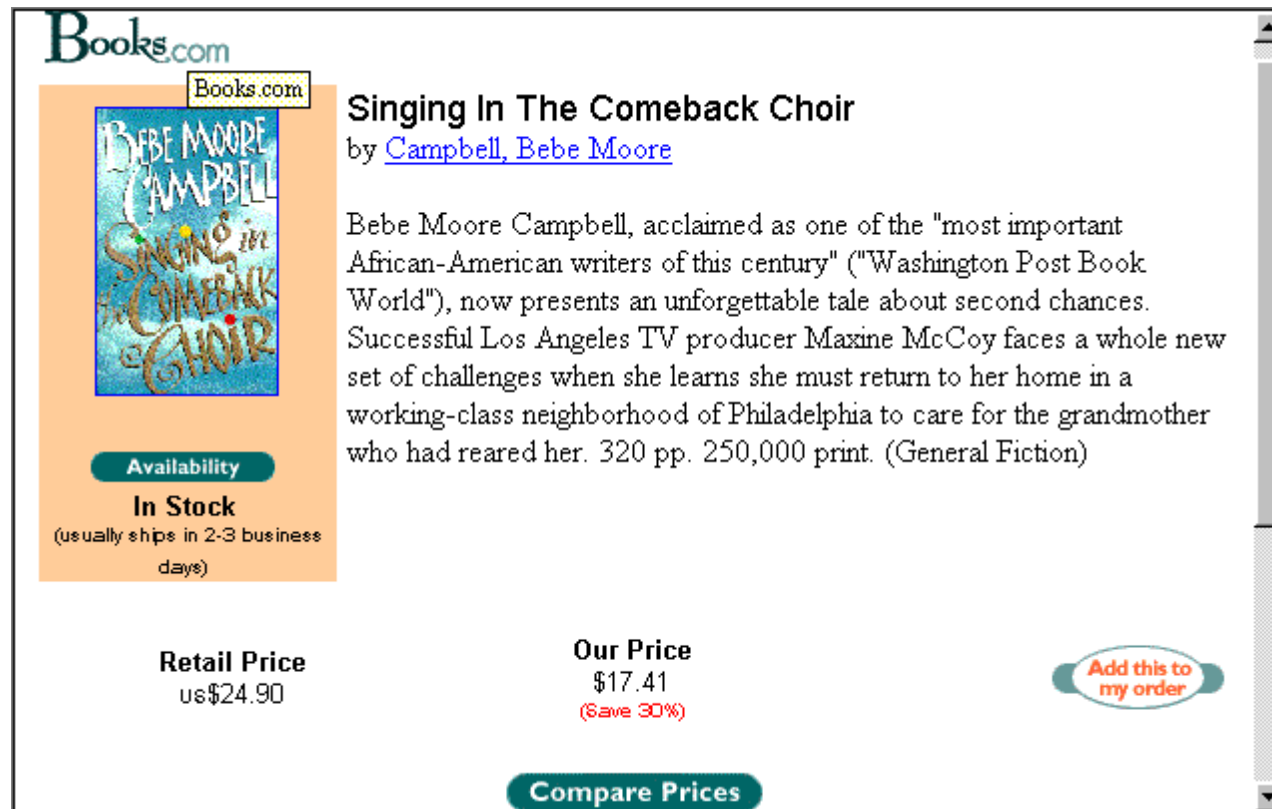
Slides & Paper:

www.rsmith.umd.edu/tbpp/jbailey/pub

Amazon.com vs. Barnes & Noble



Books.com: Higher Price



The screenshot shows a product page for the book "Singing In The Comeback Choir" by Bebe Moore Campbell. The page features a book cover image, a description of the book, and pricing information. The retail price is listed as \$24.90, and the current price is \$17.41, representing a 30% discount. A green button labeled "Add this to my order" is visible on the right side of the page.

Books.com

Singing In The Comeback Choir
by [Campbell, Bebe Moore](#)

Bebe Moore Campbell, acclaimed as one of the "most important African-American writers of this century" ("Washington Post Book World"), now presents an unforgettable tale about second chances. Successful Los Angeles TV producer Maxine McCoy faces a whole new set of challenges when she learns she must return to her home in a working-class neighborhood of Philadelphia to care for the grandmother who had reared her. 320 pp. 250,000 print. (General Fiction)

Availability
In Stock
(usually ships in 2-3 business days)

Retail Price
us\$24.90

Our Price
\$17.41
(Save 30%)

Add this to my order

Compare Prices

Books.com: Compare Price

Books.com



PRICE COMPARISON

Title: **Singing In The Comeback Choir**

Wed Apr 08 16:55:06 1998

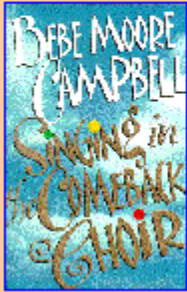
Amazon.com Price	Barnes & Noble Price	Books.com Price
\$17.47	\$14.97	\$17.41

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Availability
In Stock
(usually ships in 2-3 business days)

Retail Price
us\$24.90

Our Price
\$14.67
(Save 41%)

Add this to my order

Compare Prices

Dynamics of Internet Competition

- Less friction means that prices can change more quickly (lower “menu costs”)
- Almost immediate response of price changes by competitors
- Quick response from exogenous forces

Internet Price Discrimination

- An algorithm can set a price dynamically
 - SRMC \Rightarrow \$0
 - e.g. Books.com
- Consumer information can be used for price discrimination approaching first degree
- Consumers can choose to block cookies and/or create an anonymous presence

Regulation and Government Intervention

- International trade and currency exchange
- Anti-competitive behavior
- Jurisdictional uncertainty
- Self-regulation
- Fraud

Business and Strategy

- Arbitrage
- Electronic goods
 - software
 - gambling
 - information services
 - bandwidth