ABSTRACT

We develop a new empirical model of market equilibrium with second-degree price discrimination and oligopolistic competition based on an extension of Rochet & Stole (2002) non-linear pricing theory to multiproduct firms. The demand system is semi-parametrically identified. We estimate the model using French automobile data and take advantage of observing prices and market shares at the car model version level. We test the existence of second-degree price discrimination under imperfect competition. We extend the structural analysis of nonlinear pricing to an oligopolistic setting (see Luo, Perrigne & Vuong). Our demand estimate is semi-parametric and does not rely on the exogeneity of characteristics assumptions and on instruments.