

November 7, 2014

Dear Selection Committee:

I am writing to apply for the Digitalization Tutorial meeting on March 2015. I believe that my research interests and experience make me a strong candidate for this tutorial. I am currently completing my Ph.D. in Marketing (quantitative) at the Kellogg School of Management at Northwestern University (expected graduation: June 2015). Throughout my studies at Northwestern I have taken classes and seminars in the marketing department, economics department and statistics department. My long-term plan is to pursue an academic career, focusing on studying questions in pricing, channel management and online marketing.

My research thus far explores various aspects of the impact of the online channel on markets. In particular, I study manufacturers' ability to manage their various channels due to challenges introduced by the online channel, as well as the effect of online search on consumer's offline interactions with retailers. My dissertation studies the governance of the online channel via MAP (Minimum Advertised Pricing) policies and demonstrates that MAP is not merely a solution to a pricing problem, but is a part of a broader channel management problem. An online channel provides manufacturers with opportunities for broad distribution and improved provision of information about sellers, buyers, and other players in the market. However, this broad distribution also brings a new set of challenges, as manufacturers aim to protect their brand image and pricing and assume control over the distribution channel system. One solution that is widely used by manufacturers is a MAP policy, which allows manufacturers to unilaterally impose a lower bound on advertised prices and protect retail margins. However, compliance and enforcement are central since retailers often violate these policies and because the channel may include unauthorized retailers for which the policies do not apply.

In the first essay of my dissertation, "Minimum Advertised Pricing: Patterns of Compliance and Violation in Competitive Retail Markets" (with Eric Anderson and Anne Coughlan, revising for invited 3rd round review at *Marketing Science*), we study the nature of MAP compliance in an online channel of a durable goods manufacturer. We document how MAP violations vary by retailer, product, and market characteristics, and link our results to manufacturers' common wisdom and extant academic literature on agency theory and price obfuscation. In the second essay, "Channel Management and MAP: Evidence from a Natural Experiment" (*Job Market Paper*), I study a manufacturer's ability to influence compliance rates among its authorized retailers. I exploit a natural experiment prompted by a change in channel policies. I find improvement in MAP compliance in the authorized retailer channel, which I attribute to

improvements in the credibility of both the monitoring and the enforcement. In the third essay “Price Reaction and Competition in Durable Goods Markets: Evidence from Promotional MAP periods” (work in progress), I investigate how variation in the imposed MAP price affects pricing in the channel, by studying how retailers react when MAP policies are temporarily removed.

In addition, I have another co-authored paper in the review process. My paper with Meghan Busse and Florian Zettelmeyer, “*Repairing the Damage: The Effect of Price Expectations on Auto-Repair Price Quotes*,” explores whether and how sellers treat consumers differently on the basis of how well-informed consumers appear to be about prices. It is currently being revised for 2nd round review at the *Journal of Marketing Research*. Working papers of my job market paper as well as the papers in the review process are available upon request.

In terms of doctoral coursework, I have taken classes and seminars in Marketing, Economics and Statistics at Northwestern University. In marketing, selected coursework includes: “Quantitative Models in Marketing”, “Advanced Marketing Models”, “Analytic Models in Marketing”, and “Quantitative Marketing and Economics”. In economics, selected coursework includes: "Applied Econometrics", "Econometric Analysis of Panel Data", "Decision Theory", "Game Theory", "Advanced Applied Microeconomics", "Industrial Organization" sequence, "Identification", and "Empirical Issues in Strategy". In statistics and methodology, selected coursework includes: "Multivariate Statistics", "Quasi-Experimental Design", "Hierarchical Models", "Bayesian Methods and Computation", and "Applied Bayesian Inference".

I would be delighted to have the opportunity to participate in such an exciting tutorial on the Economics of Digitization. I believe the exposure to the frontier research in this area will be extremely beneficial for my research and will create opportunities for new research ideas and collaborations with other participants.

Thank you for your consideration, I look forward to hearing from you,

Sincerely,
Ayelet Israeli
Ph.D. Candidate in Marketing