NBER Digitalization Conference Application

<u>Contact Information:</u>
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<u>Coursework:</u>
<u>PhD program start:</u> Fall 2013
Summer session (before 1st year):
- Math Tools for Economics (ECON 204)

1st year:
- Economic Theory (ECON 201A, 201B)
- Macro Theory (ECON 202A, 202B)
- Econometrics (ECON 240A, 240B)
- Research Survey (ECON 295)
- Introduction to Economic History (ECON 210A)

2nd year:
- Industrial Organization (ECON 220A, 220B)
- Labor Economics (ECON 250A, 250B)
- Applied Econometrics (ECON 244)

Field exams passed (Summer 2015):
- Industrial Organization (major field of interest)
- Labor Economics

<u>Short description of general research interests:</u>

Speaking about research, I'm interested in industrial organization. Specifically, I find Economics of Digitalization a very interesting subfield of IO. The current early stage project I'm working on (which I expect to be my oral exam project as well) is directly related to the topic of the conference. Here is a brief description of it.

The world of online shopping is rapidly expanding nowadays, which is no wonder as online shopping has a lot of advantages compared to retail store shopping: better prices, low transaction costs, greater variety of products available. It also has some disadvantages like no instant satisfaction from buying a product (one has to wait to get a product delivered), matching issue (some goods like perfumes are very hard to pick online), sometimes paying additional shipping costs, security issues, etc.

Price/waiting time is one of the main tradeoffs one faces when decides whether to buy something online or offline. On the one hand, products are usually cheaper online than in retail stores. However, the main disadvantage of online shopping is that there is no instant satisfaction: since the item has to be shipped, a consumer has to wait for a few days before she eventually gets the product. Thus, one's time preferences may play an important role in a decision making process. In other words, if one has a really strong time preference for immediate consumption she will choose to buy the product in a retail store despite other obvious advantages of getting the product online.

Therefore, I want to look at how patience affects one's decision of whether to buy a product online or in a retail store. My background research shows that there are really few papers done on this topic. Usually all related papers try to assess consumer price sensitivities for buying online/offline, search costs online, decision to buy a product online in order to avoid paying sales taxes, etc. There are lots of papers that look at consumer purchasing behavior online or offline, but few of them incorporate both offline and online purchasing experiences. I'm developing a structural model which would capture consumers' decision on whether to buy something online and offline with separating such microfoundations like individual patience, transaction costs, possible hassle costs of returning a product if it doesn't match one's expectations, and individual price sensitivity.

I think the conference will be very helpful for me as I may find out about some datasets I could potentially use and estimation techniques I could apply to my research. Also, overall I think the Economics of Digitalization may be an IO subfield I will work in in future.

Thank you for the time taken to review my application. Please let me know if you need any additional information about me.

Best regards,
Zhenia Iarmosh