Discussion on Search, Design, and Market Structure

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The paper models search and product design.
Seeks to explain coexistence of *long-tail* and *superstar* effects.
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**Puzzle:** standard search models predict that declines in search costs lower profits.
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Solution: Endogenous product design—why does this work?
Overview and Comments

- The paper models search and product design.
- Seeks to explain coexistence of long-tail and superstar effects.
- **Puzzle**: standard search models predict that declines in search costs lower profits.
- **Solution**: Endogenous product design—why does this work?
- Other approaches?
  - Directed search,
  - Social media.
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- Advertising that conveys product details,
- Access to product reviews,
- Product designs,
- Changes in dispersion of demographic variables.
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An opportunity for empirical work?
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