Learning to coordinate: A study in retail gasoline

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  - Thursday price jumps and fixed daily decreases of 2 cpl
  - Price leadership, price wars and experimentation led the market to learn to coordinate on specific pricing cycles

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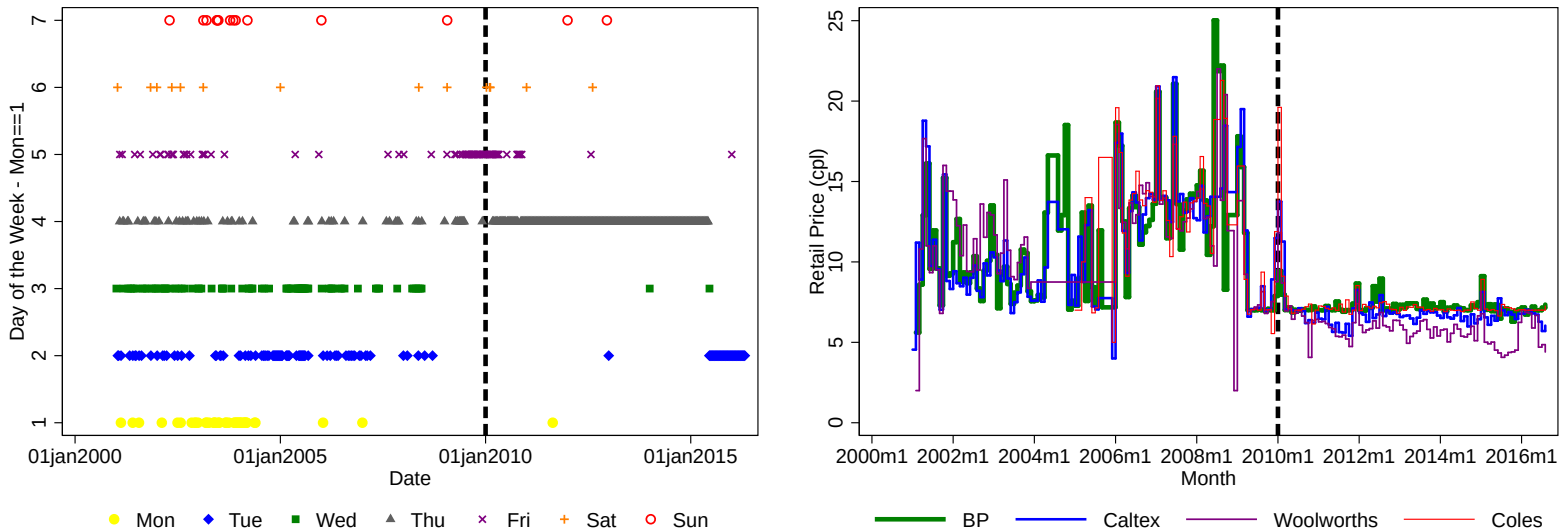
Figure 6: Evolution of the Timing of Price Jumps and Cycle Length

(i) Timing of Market-level Price Jumps by Day of Week

(ii) Monthly Average Cycle Length by Firm



- Gradual 'tatonnement'-based learning is unlikely to lead to sudden coordination of this magnitude

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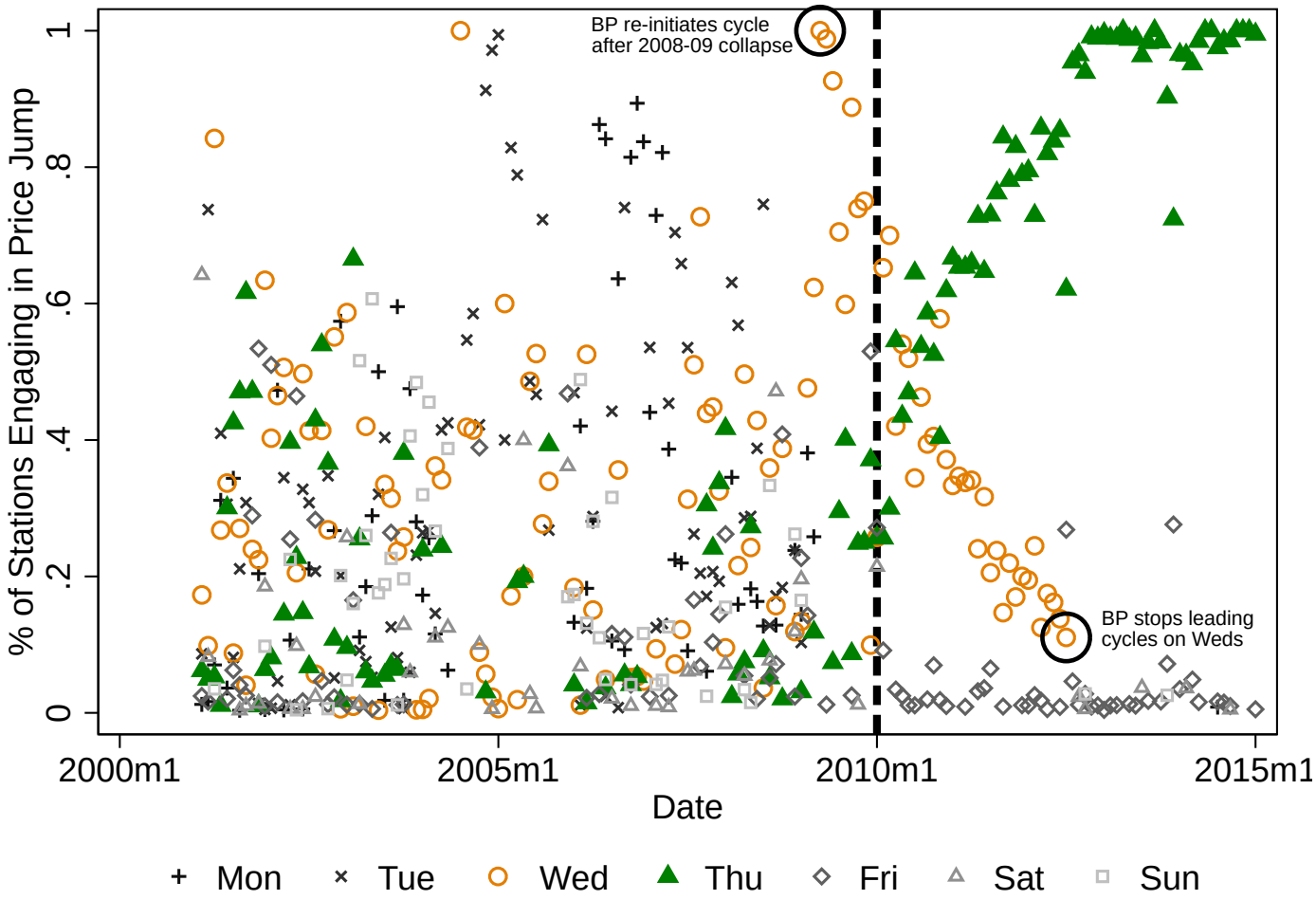
(i) BP



- Suggests looking at the location of pricing decisions

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  - Perhaps the location of realized retail prices did fluctuate with a significant effect on firm revenue

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- Conciliatory reaction to apparent defections from collusive practices may be reasonably founded as part of the agreement