

How Does Consumer Voice Respond to Antitrust Policy? Evidence from Supermarket Divestitures

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How do consumers express *voice* in response to antitrust policy?

Antitrust economics often focuses on consumer *exit*, but voice also matters.

What does consumer voice tell us about the *quality* effects of antitrust policy?

Can policymakers use consumer voice to better understand/improve remedies?

We examine how reviews changed following divestitures

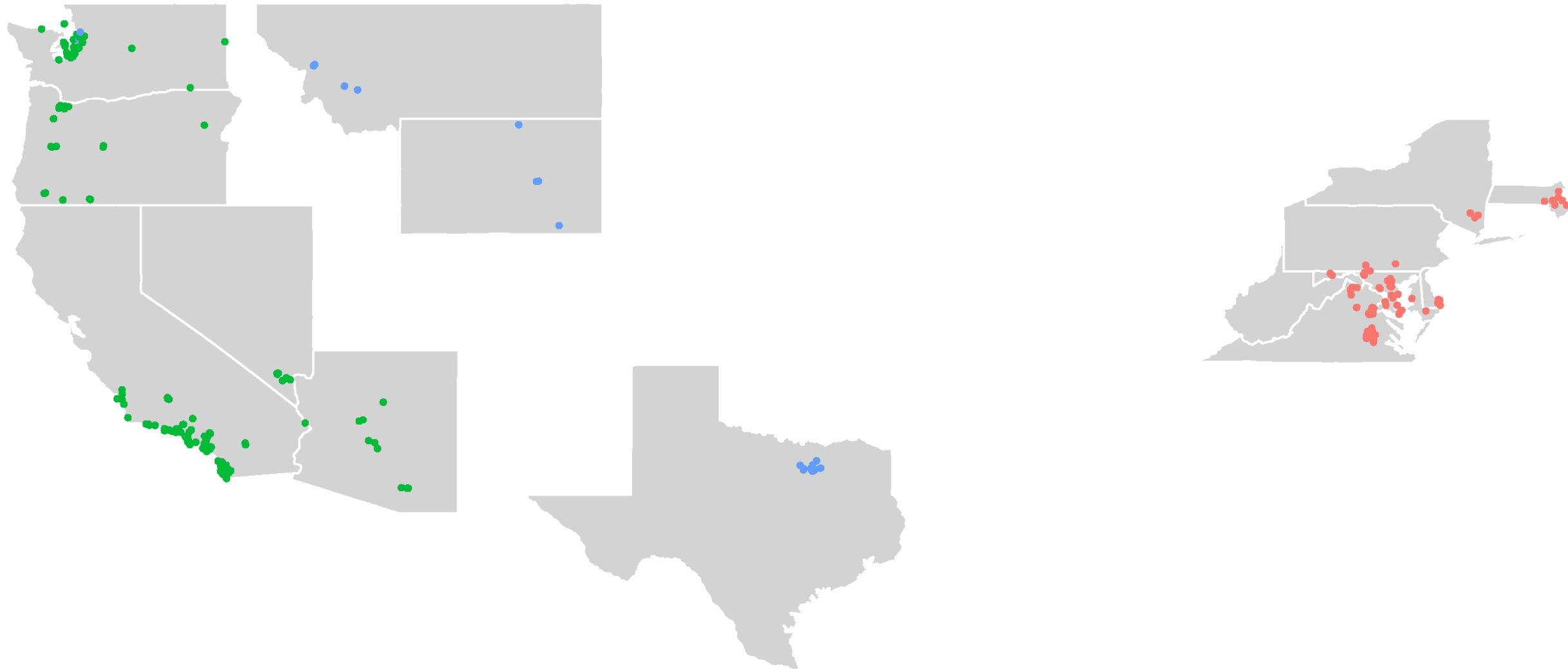
Divestitures

- Firms forced to divest stores in local markets where market concentration would increase
- Successful divestiture should maintain pre-merger competition

Mergers

- Albertsons/Safeway (2015): Divested 168 stores, including 146 to a single chain, Haggen.
- Ahold/Delhaize (2016): Divested 81 stores to 7 buyers
- Divested stores took on the banner of the acquiring firm

Divested stores



• Ahold/Delhaize • Safeway/Albertson's-Haggen • Safeway/Albertson's-other

STORE LOCATIONS OBTAINED FROM FTC'S AID TO PUBLIC COMMENT DESCRIBING DIVESTITURES.

Research Questions

Are consumers more likely to exercise voice after divestitures?

- Yes

Are the reviews positive or negative?

- Mostly negative

What are the reviews about?

- Mostly prices

Data: Yelp Reviews

Data set consists of 1.9 million reviews of 77,000 grocery businesses

- Estimation sample: 637,067 reviews from 21,449 unique addresses

For each review: Star Rating, Text, User ID, Reviewed Store

Create retail location id corresponding to unique address

Unit of analysis: Location/Quarter

Empirical Analysis

Use a difference-in-difference approach

- Compare divested stores to stores in same state but different 3-digit Zip Code.

Use Poisson regression with retail location and quarter fixed effects

- Dependent Var: Number of Reviews, Share Negative Reviews, Share of Topic

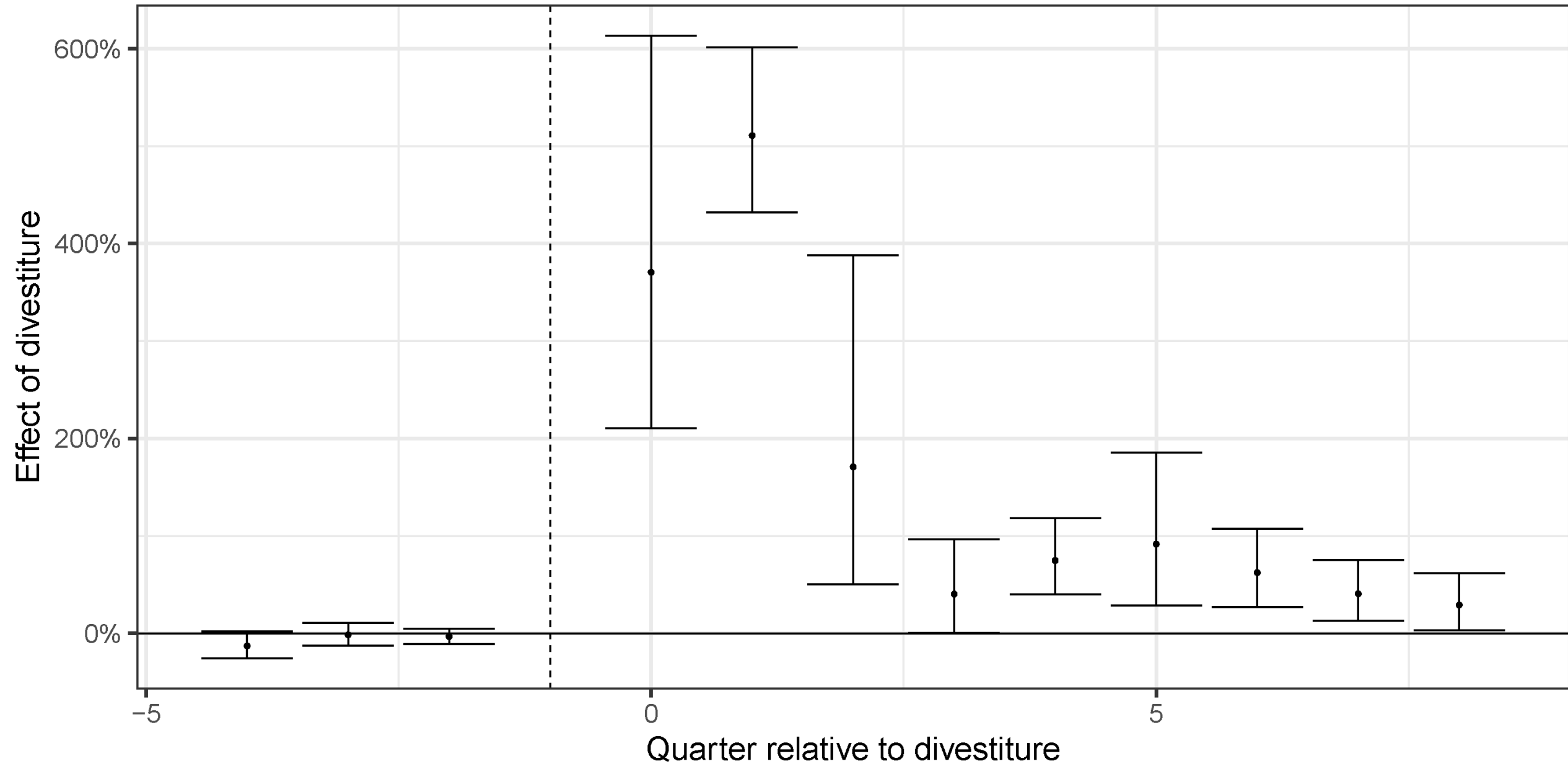
Topics

- Use zero-shot classification to assign text to $[0,1]$ score in each topic.
- Topics: prices, products, customer service

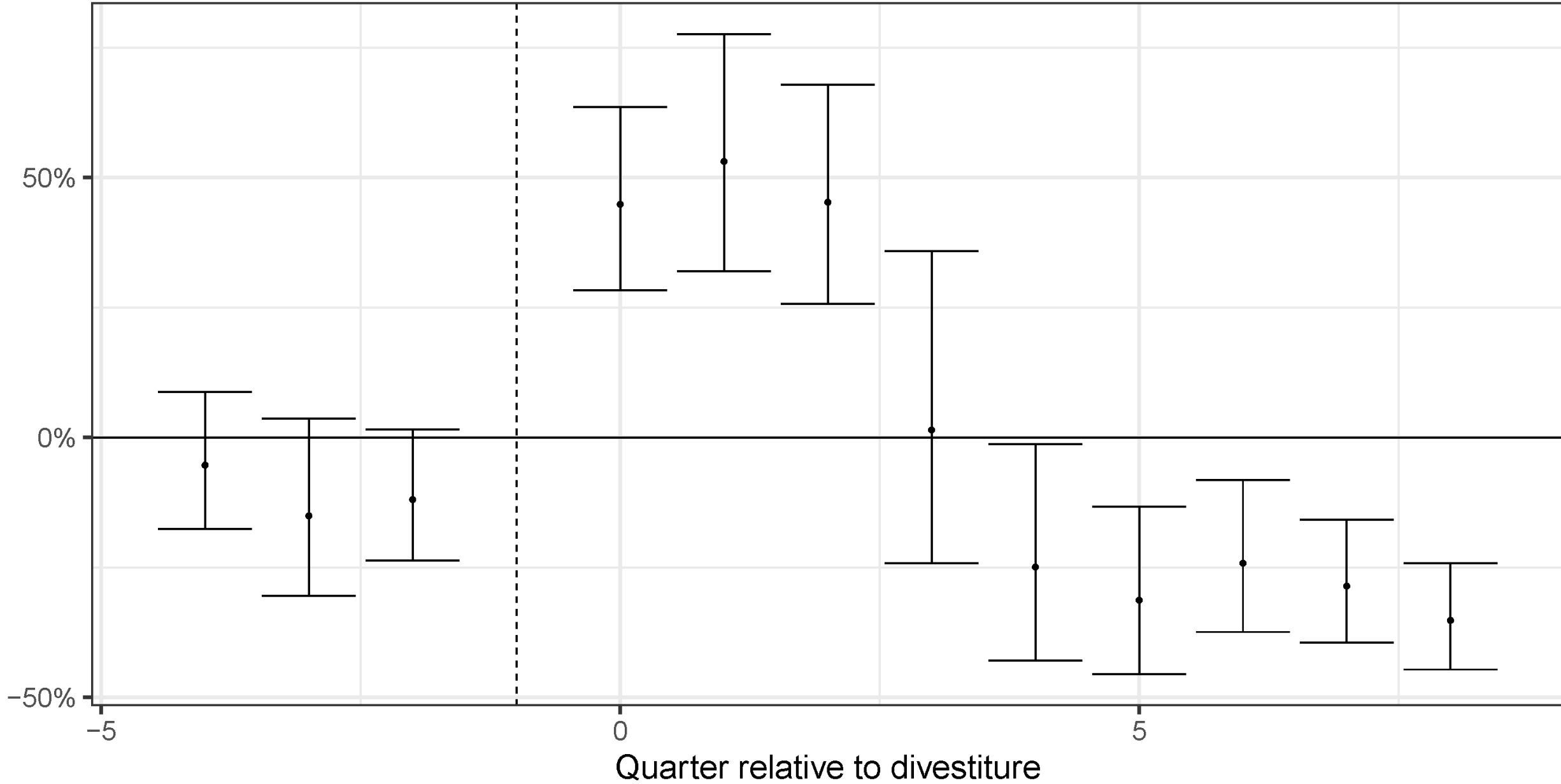
Key Results



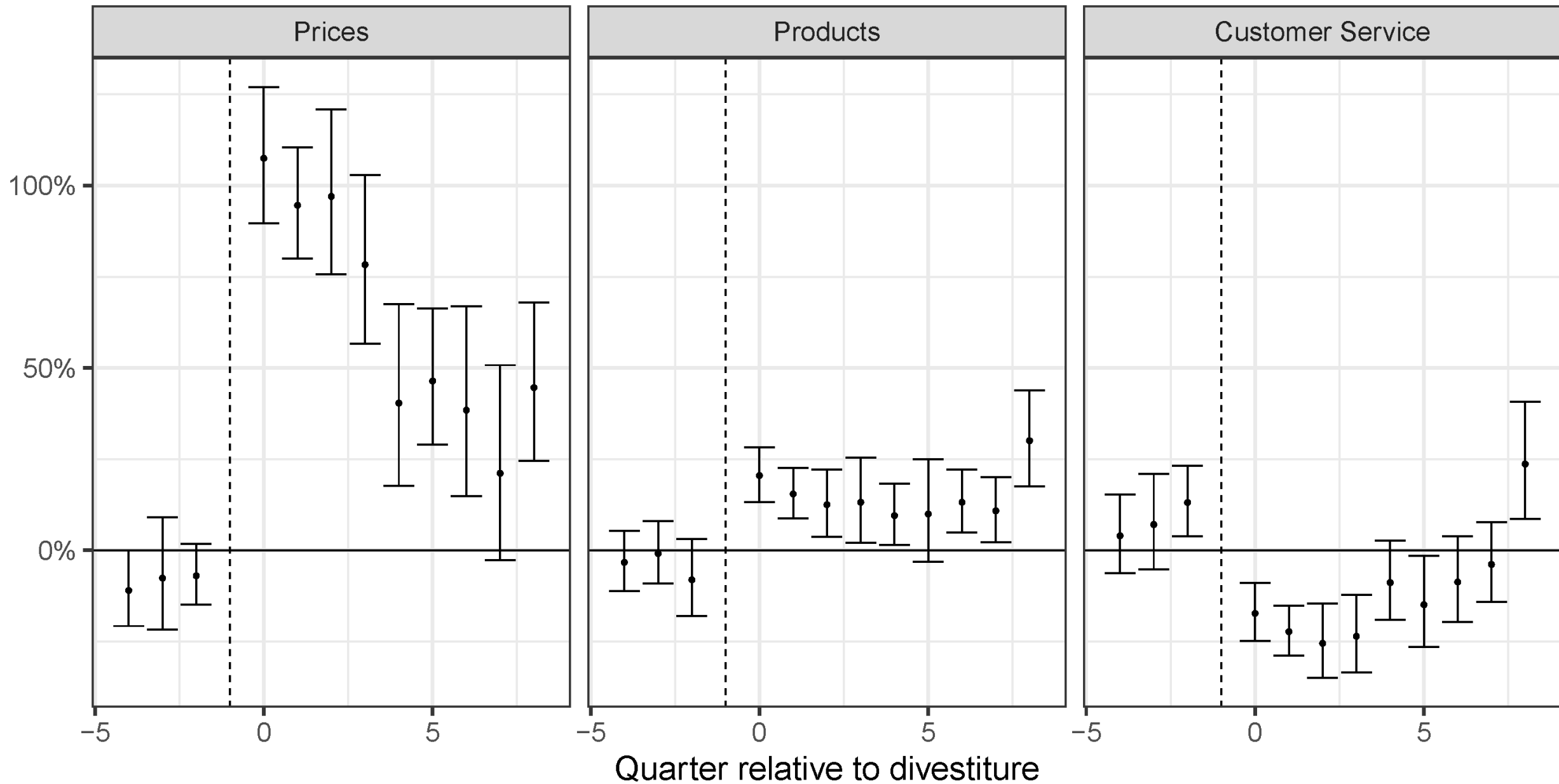
Effect of divestiture on number of reviews (DiD)



Effect of divestiture on negative share of reviews (DiD)



Effect on topic share of negative reviews (DiD)



Conclusions

Interest in examining consumer voice to guide antitrust

Examining Yelp reviews of divested stores we find

- Dramatic increase in reviews following divestitures
- Consumer responses are mostly negative
- Most negative reviews discuss price
- Similar results for both divestitures (not shown)