KU LEUVEN

Comments on Aguzzoni et al.’s “Ex-post Analysis of Mobile Telecom Mergers”

Otto Toivanen
KU Leuven

Plan of the presentation

1. What is the object of investigation?

2. Main challenge the authors wrestle with.

3. Suggestions.

4. Conclusions.

1. What is the research object?

- Kwoka (2013): In the last decade,

1. 15 730 mergers reported to DOJ and FTC.
2. 749 (4.8%) triggered second requests
3. 65 (0.4%) were investigated.

- ➔ The object is the effect(s) of a particular merger belonging to a particular class of mergers.

2. Main challenge the authors wrestle with.

- pp. 9: “we also evaluate statistical significance …, which is challenging … for two main reasons.”

1. Single affected country (AT, NTL).

2. Small sample (of control countries) – 11.

3. Suggestions

- Main analyses at the level of

1. a user profile (low, medium, high = 3)
2. of a given tariff (4 cheapest / MNO)
3. of a given MNO (2 – 4)
4. in a given country (11 + 1)
5. in a given quarter (8 + 8).

3. Suggestions

- Now each user profile analyzed separately.
- → 3 analyses / merger.
- Number of treated observations (AT):

8 (post Q) x 5 (MNOs) x 4 (tariffs) = 160

3. Suggestions #1

- Q1: why not pool the user profiles?

→ 3 x 160 = 480 treatment observations.

3. Suggestions #1

- As a comparison: Ashenfelter et al. (2014):

1. Have > 200 products / category.

2. Estimate 4 treatment effects / category.

3. Suggestions #2

- Q2: why 4 (cheapest) tariffs?
- How many tariffs are there / operator?
- How large part of the market covered by the 4 cheapest?
- Any change in price discrimination?

3. Suggestions #3

- Q3: why not pool the mergers?

➔ 2 x 480= 960 treatment observations.

- Counterargument: a merger is unlike another merger.

3. Suggestions #4

- Some things should get more attention:

1. Price discrimination.
2. Bundling (handset, usage).
3. Changing usage patterns (SMS, voice, data).

4. Conclusions

- Great initiative, good work!

- Use of such case studies?

1. Ex-post validation / refutation?

2. Learning about the (avg./distribution of) treatment effects?

3. Informing future decisions?