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

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Plan of the presentation

1. What is the object of investigation?
2. Main challenge the authors wrestle with.
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):

\[
8 \text{ (post Q)} \times 5 \text{ (MNOs)} \times 4 \text{ (tariffs)} = 160
\]
3. Suggestions #1

• Q1: why not pool the user profiles?

⇒ $3 \times 160 = 480$ 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?