

SEMINAR SERIES on ICTs POLICY RESEARCH

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Competition in the Cable Television Industry

Abstract:

In this article, we develop a structural model of the cable television industry, that includes both a demand and a supply side. The model is estimated for a rich panel of Portuguese firm level data, and used to address policy questions. The demand is described by a nested logit model. Consumers have elastic demands. The costs are described by a fixed effects cost frontier. Cable television and broadband access to the internet services are characterized by increasing returns to scale, and economies of scope. Firms exercise more market power than if they played a Nash equilibrium, but less market power than if they colluded perfectly.

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