

Technology Shocks in Multi-Sided Markets: The impact of Craigslist.org on Local Newspapers: Robert Seamons and Feng Zhu

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What I liked

- ▶ Important Policy Question: How has online classifieds affected traditional media?
- ▶ Clear Topic: Focus in on effect of Craigslist
- ▶ Clear Data Collection
- ▶ Multiple Robustness Checks
- ▶ Potentially very illuminating regarding the debate of future of newspapers
 - ▶ Highlight this more

What I would like more of: Small things

- ▶ Show robustness to using primary metropolitan statistical areas (where applicable) as unit of analysis. I know of no newspapers that are not distributed at the primary MSA level rather than the county level.

What I would like more of: Theory of the Interaction

- ▶ The authors only get a significant negative result for the effect of craigslist entry on classifieds rates if they consider the interaction of whether a newspaper has a classifieds editor and craigslist entry rather than simply the presence of classifieds. This could be as low as 4 percent of observations (35 percent classifieds editor, 12 percent craigslist entry).
 - ▶ They really need a theory of this. Even if it is a proxy for how important classifieds are, why wouldn't there still be a drop for newspapers with only a few classifieds.
- ▶ The authors find a negative effect of craigslist entry (in isolation) on subscription price and (as expected a positive effect for the interaction). Again this needs to be explained.

What next?

- ▶ I get the impression from the conclusion that the authors are considering where to go next. I either
 1. A Reduced Form Approach
 - ▶ Try and understand heterogeneity of newspaper response.
 - ▶ Deepen data collection efforts to try and fully understand what the classifieds interaction is doing
 - ▶ Don't try and do counterfactuals
 - ▶ Drop the model in the penultimate section.
 - ▶ Try narrower windows to show that it really was the craigslist shock rather than increasing use of all electronic means of trading in that areas.
 2. Commit to a fully structural approach and model two sides of the market.
- ▶ It is important to commit to one route rather than attempts to mix the two.
- ▶ Thank you for giving me the chance to read this paper!