

Essays in Marketing and Applied Microeconomics

Tuan Nguyen

Abstract

My dissertation is comprised of three essays in marketing and applied microeconomics. The first two essays focus on the effects of scarcity and co-branding in the fashion industry, and the third essay explores the impact of learning from bosses in the case of coaches in American College Football.

The first essay examines the spillover effects of Limited Edition (LE) products. LE is a commonly used marketing and business strategy to introduce a wide range of new consumer products to the market. However, little is known about the effect of LE products on the demands of related products within the same firms and how it affects firms' profit-maximization strategies. By using data from a fashion firm, I find robust evidence of a positive spillover effect from sold-out LE products on the future demands for substitute LE products. Moreover, the evidence suggests that there is a positive relationship between the degree of similarity among LE products and the magnitude of the spillover effect. Next, I show that these empirical findings are consistent with a theoretical model in which a monopolist uses the LE strategy to ration consumers in order to invoke changes in consumers' willingness to pay due to the positive spillover. The model does not only show that using the LE strategy can be profit-optimal, but it also offers an explanation for why the firm is willing to accommodate a resale market to increase its total profits, even though the firm has to share some of the profits with the resale market.

The second essay analyzes the co-branding effects on consumer responses. While co-branding in fashion is a common strategy, not every co-branding campaign is successful. Conflicting theories and findings from the existing literature and, more importantly, the lack of empirical evidence outside of experimental settings make it hard for brands to develop a winning strategy for co-branding. This paper aims to bridge the gap between theories and real-world evidence by using data from a fashion brand that is well-known for its use of co-branding strategy. The main empirical findings show that significant positive effects on consumer voting and demands do exist for co-branded products. However, there is also evidence of a negative spillover

effect from co-branded products on other non-co-branded products' future demands. Both results present the brand with a trade-off that cannot be neglected.

The final essay is joint work with Oyvind Aas and Patrick Legros that studies the market for American college football coaches and analyzes the career paths of all the coaches that have become head coaches at the highest level (FBS) from 2000 to 2016. Mobility arises along two dimensions: the quality of the college and the position in the coaching hierarchy. Our main results document that coaches do not move monotonically up a productivity ladder. 36.6% of the shifts between teams are moves we classify as zigzag moves. A zigzag move is up in coaching hierarchy but down in Elo ranking, or down in coaching hierarchy, but up in Elo ranking. We propose a matching model where assistant coaches learn from head coaches and show that these off-diagonal moves are equilibrium phenomena. These zigzag movements predict how quickly a coach can reach the top of the hierarchy in the FBS and the performance of the teams after hiring a new coach. Last, we document comparative statics in the movements around the median of the type distribution supporting median matching in our data.