Erratum

Internet Shopping Agents: Virtual Co-Location and Competition

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Incorrect versions of the abstract and peer review line were printed as part of “Internet Shopping Agents: Virtual Co-Location and Competition” by Ganesh Iyer and Amit Pazgal in Marketing Science, Vol. 22, No. 1, Winter 2003, pp. 85–106. The abstract and peer review line are reprinted below:

“Internet Shopping Agents” (ISAs) allow consumers to costlessly search many online retailers and buy at the lowest price. One would expect these ISAs to subject sellers to intense price competition that results in uniform low prices. Yet Internet retailers have joined these ISAs. Furthermore, the prices charged by the inside retailers can vary substantially. We examine the impact of ISAs on market competition. An ISA creates differentiation in the pricing strategies of ex-ante identical retailers: Some retailers joint the ISA due to mass of consumers that they can potentially win, while others stay out and extract surplus from their loyal consumers. The equilibrium inside pricing is such that the average price charged can increase with the number of retailers joining. The average prices paid by consumers in the ISA can increase or decrease when more retailers join, depending on whether or not the reach of the ISA is independent of the number of joining retailers. When the reach is endogenous, there exist a unique number of inside retailers.

(Consumer Search; Comparison Shopping Gents; Internet Intermediaries; Internet Retailing; Game Theory; Electronic Commerce)

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