

Jin and Leslie (2003)

THE EFFECT OF INFORMATION ON PRODUCT QUALITY: EVIDENCE FROM RESTAURANT HYGIENE GRADE CARD

The central question of our study is: does an increase in the provision of information to consumers about the quality of firms' products cause firms to improve the quality of their products? This paper analyze a policy change that provides a context for evaluating the effects of increased product information on firms' product quality choices and statistically and economically significant increases in product quality due to an increase in information to consumers. To analyze the effect, there has three key elements including y restaurant health inspection in Los Angeles County, quarterly revenue for individual restaurants in Los Angeles County and number of people admitted to hospitals with food-related and non food-related digestive disorders. The grade card used as an instrument to answer the central question. The result of this study tell us that the grade cards can impact on the revenue which higher grade cards higher revenue. Moreover, it can also reduce food borne illness hospitalization and can improve hygiene quality as well. There are statistically significant differences between mandatory and voluntary disclosure, but the differences are small in magnitude.

Borenstein (1989)

Hubs and high fares: dominance and market power in the U.S. airline industry

This article attempts to establish more clearly the sources of market power in the airline industry. There are 2 empirical findings presented here indicate that the correlation between route concentration and high prices cannot be adequately explained by the traditional theories in which high concentration facilitates tacit or explicit collusion. sion including the high average prices that some airlines are able to sustain in concentrated markets do not permit all participants in the market to charge similar price and one source of market power on city-pair routes seems to be the size of a carrier's operations at the endpoints of the route. The analysis use econometric to estimate the result. The study use pricing equation to estimate but it has econometric issues, so a relative pricing equation use to estimate instead. The sample includes observations on the nine largest domestic airlines in the U.S. (as of the third quarter of 1987) for service on 5,428 routes. The results indicate that an airline's share of passengers on a route and at the endpoint airports significantly influences its ability to mark up price above cost.