



You are cordially invited to

UCLouvain Economics Seminar

On **Thursday April 11, 2019**, from **12:45 to 14:00**
Doyen 22, Place des Doyens, 1

Chiara Farronato
(Harvard Business School)

Will give a presentation on

Consumer Protection in an Online World: An Analysis of Occupational Licensing

Abstract: This paper studies the effects of occupational licensing on consumer choices and market outcomes in a large online platform for residential home services, where professional service providers bid on consumers' projects. We exploit exogenous variation in the time at which licenses are displayed on the platform to identify the causal effects of licensing information on consumer choices. We find that platform verified licensing status is not valued by consumers and corroborate this finding in a survey of consumers. In contrast, we find that consumers are heavily influenced by reviews and prices. Next, we use zip code by job category variation in licensing stringency to measure the effects of licensing on aggregate market outcomes on the platform. Our results show that more stringent licensing regulations lead to less competition and higher prices, but do not improve customer satisfaction. (Joint paper with Fradkin, Larsen, and Brynjolfsson)

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