

Competitive Pricing of Information: A Longitudinal Experiment

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Web Appendix

APPENDIX A

Sample of Information Pricing Form (Low Quality Condition)

Research Firm R6: Pricing Information Goods (Period 3)

All market research firms were able to attract some customers. Below you find information about prices and sales for the different research firms in your competitive set. The information regarding the quality of the forecasts and the relationship between has not changed. It is repeated in the table below for your convenience.

Next period, the Markstrat firms can buy the market forecasts for the three Sonite segments Buffs, Professionals and High Earners from the outside vendor for **\$17,000**. Please provide your price decisions for the two information products by ...

Below you find a table that shows previous forecasts made in a different context by the various research firms that operate in the Markstrat world along with the actual outcome. This table gives you an indication of **how accurate the forecasts of your firm and other firms have been and how they relate to one another**. In any given period you will only compete with a subset of these firms as indicated below.

Information Indicating Quality of Forecasts by Research Firm

Forecasts	Market Research Firm					Actual
	R6	R7	R8	R9	R10	
1	712	508	926	988	899	843
2	668	723	480	830	869	677
3	841	517	767	659	455	591
4	940	899	876	936	637	824
5	532	724	925	458	889	711

Price and Sales Information for Period 2

Firm	Sonite Market		Vodite Market		Total
	Price (K\$)	Sales (K\$)	Price (K\$)	Sales (K\$)	Sales (K\$)
R6	165	330	135	135	465
R7	75	300	100	300	600
R8	150	300	100	200	500
R9	160	320	110	330	650
R10	30	90	60	180	270

Your Sales in Vishnu Industry in Period 2

Firm	A	E	I	O	U
Sonite	0	1	0	0	1
Vodite	0	1	0	0	0

Price decision for Period 3 for Vishnu Industry

You are research firm: R6
 Your competitors are: R7

Price Decisions: Sonites: _____ Vodites: _____

APPENDIX A (Cont'd)

Sample of Information Pricing Form (High Quality Condition)

Research Firm R3: Pricing Information Goods (Period 3)

All market research firms were able to attract some customers. Below you find information about prices and sales for the different research firms in your competitive set. The information regarding the quality of the forecasts and the relationship between has not changed. It is repeated in the table below for your convenience.

Next period, the Markstrat firms can buy the market forecasts for the three Sonite segments Buffs, Professionals and High Earners for period 4 from the outside vendor for **\$17,000**. Please provide your price decisions for the two information products by ...

Next you find a table that shows previous forecasts made in a different context by the various research firms that operate in the Markstrat world along with the actual outcome. This table gives you an indication of **how accurate the forecasts of your firm and other firms have been and how they relate to one another**. In any given period you will only compete with a subset of these firms as indicated below.

Information Indicating Quality of Forecasts by Research Firm

Forecasts	Market Research Firm					Actual
	R1	R2	R3	R4	R5	
1	458	483	471	482	444	451
2	488	473	505	483	495	484
3	493	491	467	473	496	469
4	462	489	467	474	463	483
5	486	497	488	498	470	487

Price and Sales Information (Period 2)

Firm	Sonite Market		Vodite Market		Total Sales (K\$)
	Price (K\$)	Sales (K\$)	Price (K\$)	Sales (K\$)	
R1	24	72	36	108	180
R2	26	26	35	35	51
R3	11	55	20	80	135
R4	19	19	25	25	44
R5	30	60	50	100	160

Your Sales in Fu Hsing Industry (Period 2)

Firm	A	E	I	O	U
Sonite	1	1	1	1	1
Vodite	1	1	0	1	1

Price decision for Period 3 for Fu Hsing Industry

You are research firm: R3

Your competitors are: R4 R5

Price Decisions: Sonite Report: Vodite Report:

APPENDIX B

Sample of Information Order Form (High Quality Condition)

Order Form for Market Forecast Reports (Fu Hsing)

You can buy Sonite and Vodite market forecasts from different research firms. The market forecasts for the three Sonite segments *Bufs*, *Professionals* and *High Earners* are always available from the same research firm at a given rate (see price information below). The market forecasts for the remaining two Sonite segments *Singles* and *Others* and the market forecasts for all segments of the *Vodite market* are available from three different market research firms. These firms may charge different prices for their products. The market research firms will always sell these forecasts in bundles – one bundle for the Sonite market and one bundle for the Vodite market. Prices are shown below.

Next you find a table that shows five forecasts made by the different research firms in your Markstrat industry but in a different context. The last column of the table provides the actual outcome. The numbers have no meaning in Markstrat but this table gives you an indication of the accuracy of the different forecasts and the relationship among the forecasts by different firms. This information is indicative of the firms’ ability to forecast Sonite and Vodite markets. This information has not changed; it is repeated for your convenience.

Information about Forecast Quality and Relationships

Forecasts	Market Research Firm					Actual
	R1	R2	R3	R4	R5	
1	458	483	471	482	444	451
2	488	473	505	483	495	484
3	493	491	467	473	496	469
4	462	489	467	474	463	483
5	486	497	488	498	470	487

Order Information for Period 4 Market Forecasts

Industry: Fu Hsing Firm: *f*

Sonite Forecasts for Bufs, Professionals and High Earners – \$17,000 *f*

Research Firm:	R3	R4	R5
Sonite Reports:	\$20,000 <i>f</i>	\$35,000 <i>f</i>	\$30,000 <i>f</i>
Vodite Reports:	\$35,000 <i>f</i>	\$65,000 <i>f</i>	\$50,000 <i>f</i>

You can order any combination of these reports by checking the appropriate box(es).

APPENDIX C

Sample of Market Forecast Report (High Quality Condition)

Fu Hsing: Market Forecasts for P4 – Firm A*					
Sonites	Bufs	Professionals	High Earners	Singles	Others
Actual Market Size in Period 3	228	247	252	283	339
Forecasts for Period 4					
By Firm					
Markstrat	220	276	281		
R1					
R2					
R3				380	387
R4					
R5				354	373
Average annual Market Growth for next 5 Years	-10%	5-10%	5-10%	15-25%	15-25%
Vodites					
	Innovators	Early Adopters	Followers		
Actual Market Size in Period 3	21	6	1		
Forecasts for Period 4					
By Firm					
	26	12	1		
R1					
R2					
R3	24	14	3		
R4					
R5	27	12	1		
Average annual Market Growth for First 5 Years	10-20%	50-100%	125-175%		
* All market size and forecast numbers in 1,000 units.					
Your total cost for ordering these market forecasts was: \$152,000.					

APPENDIX D

Prices and Transactions by Period and Research Firm

a) High-Quality Condition – Sonite Category

Period	Industry 1					Industry 2				
	Firm	Price	Units	Total Units	Avg. Price	Firm	Price	Units	Total Units	Avg. Price
1	R1	35	2	8	17.5	R4	10	5	6	16.7
	R2	15	2			R5	50	1		
	R3	10	4							
2	R2	26	1	7	14.3	R1	24	3	5	26.4
	R3	11	5			R5	30	2		
	R4	19	1							
3	R3	20	2	5	26.0	R1	28	0	5	25.0
	R4	35	0			R2	25	5		
	R5	30	3							
4	R1	28	1	4	24.5	R2	28	3	5	24.8
	R4	20	2			R3	20	2		
	R5	30	1							
5	R1	34	2	6	30.0	R3	25	3	5	25.0
	R2	28	2			R4	25	2		
	R5	28	2							
6	R1	28	1	4	26.5	R4	25	4	6	26.0
	R2	28	1			R5	28	2		
	R3	25	2							

b) High-Quality Condition – Vodite Category

Period	Industry 1					Industry 2				
	Firm	Price	Units	Total Units	Avg. Price	Firm	Price	Units	Total Units	Avg. Price
1	R1	45	1	8	20.6	R4	15	5	6	25.0
	R2	15	2			R5	75	1		
	R3	18	5							
2	R2	35	1	6	23.3	R1	36	3	5	41.6
	R3	20	4			R5	50	2		
	R4	25	1							
3	R3	35	5	8	40.6	R1	180	1	1	180.0
	R4	65	0			R2	210	0		
	R5	50	3							
4	R1	45	2	4	42.5	R2	60	5	5	60.0
	R4	40	2			R3	100	0		
	R5	50	0							
5	R1	48	3	4	49.8	R3	65	2	5	59.0
	R2	55	1			R4	55	3		
	R5	50	1							
6	R1	45	1	3	53.3	R4	55	2	5	50.8
	R2	50	1			R5	48	3		
	R3	65	1							

c) Low-Quality Condition – Sonite Category

Period	Industry 3					Industry 4				
	Firm	Price	Units	Total Units	Avg. Price	Firm	Price	Units	Total Units	Avg. Price
1	R6	12	4	11	32.1	R9	150	2	6	57.3
	R7	20	4			R10	11	4		
	R8	75	3							
2	R7	75	4	8	115.0	R6	165	2	5	84.0
	R8	150	2			R10	30	3		
	R9	160	2							
3	R8	190	1	3	173.3	R6	195	1	3	165.0
	R9	165	2			R7	150	2		
	R10	300	0							
4	R6	150	3	6	152.5	R7	150	2	4	137.5
	R9	195	0			R8	125	2		
	R10	155	3							
5	R6	145	2	7	150.7	R8	140	3	5	148.0
	R7	150	2			R9	160	2		
	R10	155	3							
6	R6	145	3	6	144.2	R9	160	1	2	157.5
	R7	150	1			R10	155	1		
	R8	140	2							

d) Low-Quality Condition – Vodite Category

Period	Industry 3					Industry 4				
	Firm	Price	Units	Total Units	Avg. Price	Firm	Price	Units	Total Units	Avg. Price
1	R6	22	4	11	34.4	R9	130	2	6	56.7
	R7	35	4			R10	20	4		
	R8	50	3							
2	R7	100	3	8	103.8	R6	135	1	4	78.8
	R8	100	2			R10	60	3		
	R9	110	3							
3	R8	155	1	4	125.0	R6	165	2	2	165.0
	R9	115	3			R7	245	0		
	R10	300	0							
4	R6	110	2	5	125.0	R7	110	3	4	120.0
	R9	155	1			R8	150	1		
	R10	125	2							
5	R6	110	3	6	115.8	R8	150	1	3	136.7
	R7	115	1			R9	130	2		
	R10	125	2							
6	R6	110	3	6	124.2	R9	130	2	3	128.3
	R7	115	1			R10	125	1		
	R8	150	2							