Market equilibrium with FSS search

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It is acknowledged that in the trading of homogeneous goods there is persistent price dispersion. However, it is theoretically derived that if buyers are optimizers there is no price dispersion. This negative result motivates the emergence of alternative paths in the literature that studies price dispersion. In Burdett and Judd’s seminal work, buyers follow the sub-optimal fixed sample size search strategy, FSS. These authors claim that under this sub-optimal strategy there are, ex ante, three points of Nash equilibrium, two of them associated with price dispersion and search. This article shows that these two points of equilibrium with price dispersion are not empirically relevant because they will not be ex post enforced, being unproductive for explaining equilibrium price dispersion using the FSS sub-optimal search strategy.