

PROPOSAL: “THE EFFECT OF MERGER REMEDIES ON CONSUMERS AND MARKETS.”

Kosuke Uetake, Assistant Professor of Marketing, School of Management  
([kosuke.uetake@yale.edu](mailto:kosuke.uetake@yale.edu))

Antitrust authorities execute various merger remedies to restore market competitiveness, which would have been damaged due to merger and acquisitions. Among several merger remedies, FTC and DOJ often use divestitures that require merging parties to sell their assets to competitors in order for them to go through the approval process. While a large number of papers have attempted to measure the impact of mergers on market competitiveness, especially on prices, effectiveness of divestitures as a merger remedy tool has not been paid much attention.

Specifically, we are interested in the effects of divestitures in the retail grocery market. The retail grocery industry has witnessed a dramatic change of the market structure over these two decades. The expansion of Walmart and supercenters forced local retailers to merge together, which allow them to utilize the power of scale economy. Hence, the industry has consolidated significantly. Because of this trend, FTC and DOJ have challenged merger proposals of retailers, requesting divestitures to restore potential costs for consumers.

Our research questions are the following:

- Do divestitures successfully restore market competition?
- How do divestitures impact consumer behavior?

In order to answer these questions, we will be looking at two large data sets from Nielsen, one of which tracks purchase history for a large number of households in the US (Nielsen Household Panel Data), and the other of which keeps all sales record from major US grocery retailers (Nielsen Scanner Data). Over the course of the summer, the RA will first collect the divestiture information from FTC, and match with the two Nielsen databases. Then, the RA will look into the data deeply to examine how consumer purchase behavior was affected by the divestitures by comparing their behavior before and after each of the divestitures across the markets. Finally, the RA will investigate how firms respond to the mergers in terms of pricing, sales, advertisements, and the changes of the consumer behavior.

Successful applicants will have good programming skills (and preferably a familiarity with STATA), be detail-oriented, independent and resourceful.