

## Corrigendum: The Price Effects of a Large Merger of Manufacturers: A Case Study of Maytag Whirlpool

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In equations (1), (2), and (3) of our paper, we state that we simultaneously control for time effects, age effects, and product fixed effects. Because there is an exact linear relationship between age, time, and time at birth (a time-invariant product characteristic that will be absorbed by the product fixed effects), it is not possible to separately identify time effects, age effects, and product fixed effects (see Deaton 1997 for a discussion). As a result, the age-coefficients we plotted in Figures 1 and 2 can only be identified by an arbitrary normalization.<sup>1</sup>

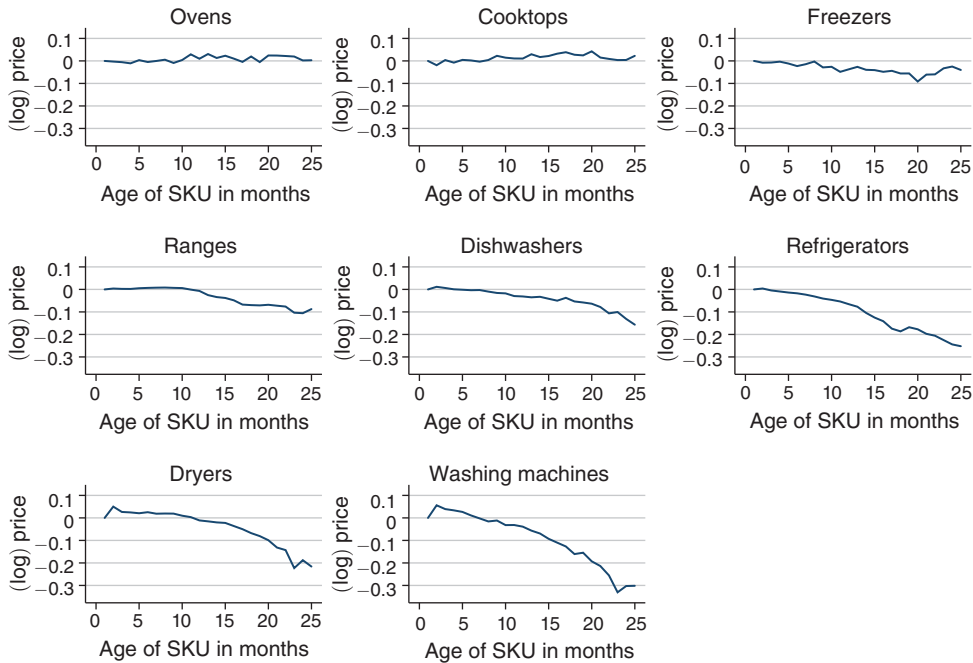


FIGURE 1. AVERAGE LOG PRICE BY AGE

*Notes:* The figure plots coefficients on age dummies from a regression of log price on SKU fixed effects and age dummies. Average log prices are measured relative to an SKU's first month with positive sales.

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<sup>1</sup> To generate coefficient estimates for equations (1) and (2), we did not estimate coefficients corresponding to one of the age dummies (the age coefficient for the first (second) month of a product's existence in the price (volume) equation) and indicators corresponding to two of the time periods. That is, the omitted group contains products in their first month of sales and two time periods.

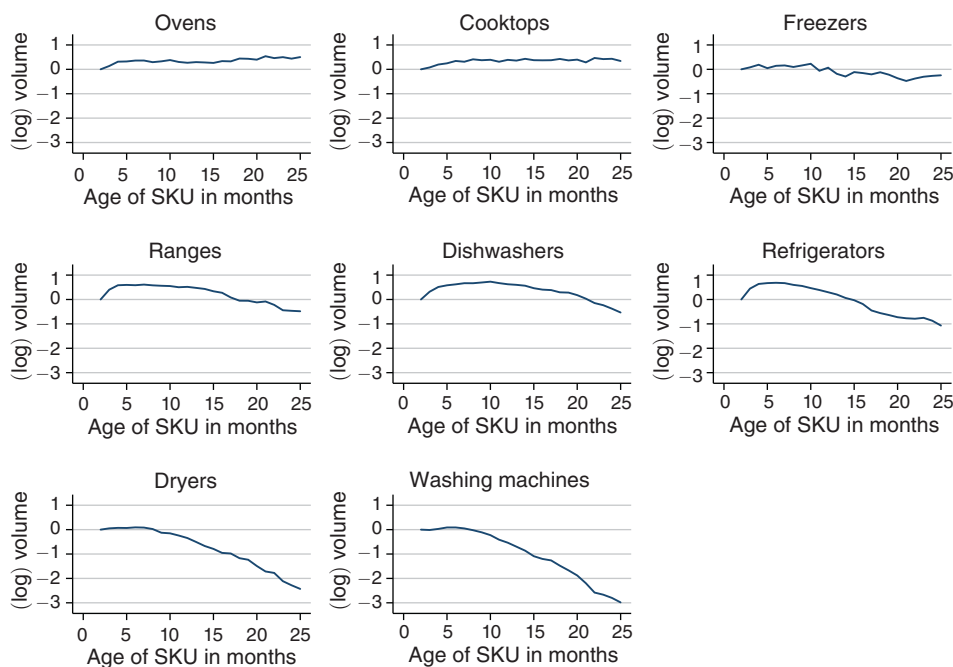


FIGURE 2. AVERAGE LOG VOLUME BY AGE

*Notes:* The figure plots coefficients on age dummies from a regression of log volume on SKU fixed effects and age dummies. Average log volume is measured relative to an SKU's second full month with positive sales.

We have reestimated equations 1 and 2 including only age and product fixed effects as controls, and plot the age coefficients in revised Figures 1 and 2. The revised figures are essentially identical to those in the original text.<sup>2</sup> More importantly, because the time, age, and product fixed effects are essentially nuisance parameters, estimated for control purposes only, none of the conclusions in our paper are changed.

## REFERENCES

- Deaton, Angus.** 1997. "Decompositions by Age, Cohort, and Year." In *The Analysis of Household Surveys: A Microeconomic Approach to Development Policy*, 123–27. Baltimore: John Hopkins University Press.

<sup>2</sup>We also find essentially the same estimated relationship between a product's unit sales and price and age when we control for product characteristics, time dummies, and age dummies.