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## Location Still Matters: Evidence from an Online Shopping Field Experiment

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### Highlights:

- Many empirical studies show that sellers post different prices for homogeneous goods.
- However, seller heterogeneity is difficult to control.
- We sell identical simple goods from sellers that were identical except in name.
- Out of 514 sales, 73 were of the higher priced item.
- Price sensitive consumers do not necessarily buy the lowest priced item.
- We distinguish between search cost and limited attention based price dispersion.

*ABSTRACT: Many empirical studies of online price dispersion show that sellers post different prices for homogeneous goods. However, seller heterogeneity is difficult to control for and posted prices may not reflect price dispersion in actual transactions. We contribute to this literature by selling identical simple goods (cell phone credits) at different prices from sellers that were identical except in name and with minimal ratings. The only way consumers could find us in this extremely thick market is to rank by price from lowest to highest. Out of 514 sales, 73 were of the higher priced item, for which we had non-negligible demand even when the price gap was 2.5%. Thus, even this selected sample of price-sensitive consumers do not necessarily buy the lowest priced item, all else being equal. Using*

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