



UNIVERSITY OF MINNESOTA

Department of  
**APPLIED  
ECONOMICS**

# Agricultural and Applied Economics Seminar

## Strategic Obfuscation and Retail Pricing

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Wednesday, September 21, 2016

**12:00 – 1:30 pm**

**119 Ruttan Hall**

Retailers often stock items that are only slightly differentiated from others -- different sizes of a popular brand, or different flavors in a common product line for instance. We argue that this practice is a form of strategic obfuscation, intended to raise consumer search costs, and margins on non-comparable products. We test our hypothesis using examples from several product categories in German and French retail scanner data. We find that, after controlling for other explanations for how margins can vary with package size, we cannot rule out strategic obfuscation as a feature of our retail sales data.