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**How Markets Clear Without Prices? Service Time in Online Grocery**

**Abstract:** We study the online grocery market in Israel where prices are uniformly set across local markets, and consider service time, the elapsed time between order and delivery times, as firms' main choice. Using bi-weekly data on service time from 178 local markets over 3 years, we show that service time is longer in less competitive markets and on high-demand/high-utilization weekdays. Next, we exploit regional and temporal variation in online retailers' entry decisions to examine how incumbents respond to entry. The following main findings emerge. Incumbents improve service time only on low-demand/low-utilization weekdays. This improvement begins shortly before a rival enters and continues afterwards. Finally, the improvement in service time is greater in less competitive markets and when the entrant poses a large threat on the incumbent, reaching up to 40 percent reduction in average service time. We link our findings to the theoretical literature in economics and operations, and highlight the importance of analyzing non-price attributes, especially in settings where prices are not changing.