

Title: Firms in Product Space

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Abstract:

Which products are efficiently produced together and which firms supply which products? Modeling multi-product firms under variable markups, we estimate firms' absolute advantages for produced products and develop an algorithm to predict them for unproduced products. Better advantages imply increased product adoption and explain which firms supply products when export demand induces domestic adoption. Predicted advantages and markups imply measures of Revenue and Competition Potential which explain firm sales and scope growth. If all firms produced all potential products, consumer welfare could increase by 16-30% under constant markups, rising to 46-86% under variable markups.