

Online Appendix for:  
**Price Setting in Forward-Looking Customer Markets**

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Table A1

Firms' Price Commitments: Anecdotal evidence from company web pages and internet articles

Company	Company Description	Date	Quote
<b>Retail services</b>			
Color Express	Small retail photo developing firm	1/1/2005	Our published price list is one of our commitments. We provide consistent, "no surprises" pricing for our customers.  Once we publish our price list, our track record proves that we commit to those prices; it's not uncommon to maintain prices for one to two years barring significant increases in the paper industry. Take a look at other published prices, and you will find revisions sometimes as frequently as every 3 - 6 months. Even if the competition's prices are "slashed", doesn't it make you wonder?
Satin Ivy Laundry Service	Small laundry firm	1/1/2005	We offer a personalized service at affordable prices. Once accepted, our prices are set for 12 months – in fact we rarely increase prices even then, unless the purchase price of linen is increased.
Robins School of Motoring	Small driving instruction firm	1/1/2005	On the FAQ page: Q. How often do you increase your prices?  A. I try to keep my rates as competitive as possible and rarely increase prices, this will depend mainly on the increase in the price of fuel and the general economy, over the last two years I have only increased my prices once by £1.
Needham Junction ice cream	Small retail firm	5/5/2004	From an internet article investigating the likelihood of future ice cream price increases: "Around the middle of April...Turransky hiked the price of a small soft-serve ice cream cone...Turransky...stressed that he works with a printed menu, that he's already printed this season's and he won't be raising prices again."
Bell	Telephone operator	6/10/2004	SBC and other Bells have pledged not to increase wholesale prices until 2005.
Cantel Amigo	Canadian cell phone operator	11/13/1997	Price guarantee: We promise no price increases and the flexibility to change plans if you need to, with no long term contract.

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**Consumer Goods**

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Marvel	Comic book company	5/23/2002	Marvel CEO Bill Jemas began today's press conference by swiping a line from Bush the Elder and declaring, "Read my lips, we will not raise prices." The hastily called conference call with the comic press was arranged to provide a quick Marvel response to price increases on 20 books announced by DC Comics earlier in the week. Though Jemas did note that many companies traditionally took advantage of price hikes by the competition to raise prices on their own goods, he promised "that unless something drastic happens to the contrary, we will hold price indefinitely."
Jaguar	Automobile company	15/10/1998	Speaking today at the Sydney International Motor Show 1998 industry day, Mr. Danny Rezek, managing director of Jaguar Australia, said that: "Since its inception in 1922, Jaguar Cars has espoused a philosophy of offering customers excellent value for money. Jaguar Australia's commitment to this philosophy is evident in our announcement today of a price freeze on all Jaguar models for the next six months. This price freeze is testimony to our serious commitment to ensure our customers continue to receive best-in-class value." said Mr. Rezek.
Mitsubishi South Africa	Automobile company	6/23/2005	Mitsubishi recently announced that it will not increase its prices for the remainder of 2001 and will only look at increasing prices in 2002.
Revlon	Consumer goods firm	10/9/2000	Revlon Inc. (NYSE: REV) today announced an innovative change to the way it does business with its U.S. retail partners to drive market growth and emphasize mutual success. In addition to the trade terms, the Company also announced a commitment not to raise prices for its retail partners in 2001.
Apple Computer Inc	Software and computer firm	12/1/2004	Apple Computer Inc. on Friday flatly denied a report that the computer maker was planning to raise prices for songs bought on its popular iTunes online music store... "These rumors aren't true," said Apple spokeswoman Natalie Sequeira. "We have multiyear agreements with the labels and our prices remain 99c a track."
DHA Lighting	Lighting company	6/24/2005	DHA Lighting has frozen prices on all products this year. The leading manufacturer of gobos, moving lighting effects, projection slides and creator of the Digital Light Curtain is holding its 2002 prices into 2003.
GlaxoSmithKline	Pharmaceutical firm	7/1/2002	GlaxoSmithKline will not raise wholesale prices of HIV drugs until January 2004. This will help low-income people who are uninsured or underinsured and rely on state programs and federal funding for their medications

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**Industrial firms**

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Sarel, brand of Schneider Electric	Fence manufacturer	6/1/2001	"Accompanying the catalogue is a new price list, the most important feature of which is what hasn't changed - the prices! In fact, Sarel, a brand of Schneider Electric, has had no price increases for more than five years, and no price changes are expected in the foreseeable future."  "Our new catalogue and stable prices both, in their own way, demonstrate our commitment to enclosure users," said Brian O'Donoghue, marketing manager. "We have made a substantial investment in ensuring that our catalogue guides customers toward the most appropriate and most economical enclosure choices. When they've made their choice, the exceptional stability of our prices means that they know not only that they're getting superb value for money today, but also that they will continue to do so in the future."
Pioneer Hi-Bred International	Producer of agricultural products	9/29/1998	Pioneer announced it will not raise prices of its corn and soybean seed products in calendar year 1999, due to the "challenging economic conditions faced by US and Canadian farmers".
Tata Steel	Steel producer	8/24/2004	B Muthuraman, managing director, Tata Steel, said: "We will not increase prices for both our direct customers as well as retail customers till March 2005."
ABB	Large utility supplier	5/25/2004	In order to further strengthen our ties with our OEM customers, ABB will not be increasing prices on OEM medium voltage products. We will maintain the current price levels through the end of 2004, barring any further drastic changes in material costs.

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**Internet services firms**

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Optimum Online	Cable firm	11/1/2004	Cablevision Systems Corp. has announced that it will freeze prices for its Optimum Online high-speed Internet service in 2005. The announcement comes when the number of customers for that service has increased despite stepped-up competition, including discount prices, from phone companies including Verizon Communications.
Comodo	Internet security firm	10/30/2004	"We want to assure all our customers that our prices remain frozen."
Infinity Hosting	Web hosting firm	1/29/2005	Price Promise: the price you paid when you opened your account is the price you will always pay. No price increases no extra charges ever....No contract...cancel your hosting account...at any time.
hostup.com	Web hosting firm	1/29/2005	We will never, ever increase the pricing of hosting plans...you will always pay the same fee for your hosting account.

BurningBulb.net	Web hosting firm	12/3/2004	Price Freeze Guarantee. Our clients take comfort in knowing that regardless of our future pricing policies, their monthly fee will always remain the same. As our policies change for future accounts, current accounts continue to host at the same monthly fee charged at the time their account was setup.
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**Power and Electricity**

Power co	Utility company	1/4/2002	Power co, New Zealand's third largest electricity and gas utility has implemented a 12 month voluntary price freeze from 1 April 2002 for its electricity lines charges for all its residential consumers in the central and lower North Island.
Npower	Utility company	1/29/2005	With Npower you'll see no increase in your electricity and gas prices throughout the whole of 2005, providing there are no increases imposed by any governmental, statutory or licensing authority.
Bord Gais	Statutory body responsible for the transmission, distribution and supply of natural gas in Ireland.	6/29/2000	Despite substantial increases in the supply cost of natural gas during the year, prices to consumers were not increased, in line with the company's commitment to maintain prices at existing levels until at least 2003. Natural gas prices for residential customers have not been increased since the mid-1980s.

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**Other Services**

Palmetto Health	Healthcare firm	6/18/1996	Following merger, Palmetto "guarantees that the new system will have no price increases for five years"
Inspec	Leading english-language bibliographic information service	6/23/2005	INSPEC is pleased to announce a price freeze for 2002. This means no price increase for standalone customers and some networking customers will see a slight decrease.
Serials Solutions	E-journal access services firm for over 1000 libraries worldwide	8/19/2003	Seattle, WA – August 19, 2003. Serials Solutions, Inc. announced today that it is freezing its 2003 price schedule and offering additional price breaks to keep services accessible for all libraries.

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\*These quotes were collected from company web pages and news articles on the internet in 2005.