



भारतीय प्रबंध संस्थान बेंगलूर
INDIAN INSTITUTE OF MANAGEMENT
BANGALORE

MARKET DESIGN: EMERGING MARKET PERSPECTIVES

Name of the Faculty:	Sreelata Jonnalagedda
Designation:	Professor, IIM Bangalore
Teaching Area:	Marketing
This course may be offered to:	GNAM
Credits (No. of hours):	3 credits (30 hours)
Term / Quarter:	March 2023
Course Type: Offered as:	Elective GNAM course: 5-day continuous course in IIM Bangalore
Are there any financial implications to this course?	Costs pertinent to GNAM week. No additional course costs

Course Summary

Markets facilitate value exchange. Markets are everywhere and they affect all of us. If farmers are only able to sell their produce in certain markets like mandis, then their income depends solely on what type of buyers visit mandis. When prospective students can secure a spot in universities only if they can pay high tuition fees, only students from wealthy families would be able to afford higher education. Imagine if marriages can only happen within a religious or caste community, then sustenance of small religious communities is threatened. If kidney disease patients are unable to access deceased donors, the cadaveric organs go under-utilized while living patients continue to suffer. In general, market design affects everything from what and where we eat, where we study and work, to who gets to live a healthy life or even live at all.

The design of markets affects buyers' access to products/service and sellers' access to markets/segments of interest. In modern-day online markets too, it affects consumers purchase decisions, reviews/ratings, which in turn affects the profitability of marketplaces. The internet marketplaces therefore spend substantial amount of money and resources on market design.

This course aims to introduce students to the workings of a market, and the principles that guide its functioning. Some topics include: (i) price discovery, (ii) information asymmetry and role of signals, (iii) matching markets, (iv) online markets, (v) bargaining, and (vi) reputation issues. In addition to universally applicable principles of market design, the course will bring in perspectives from the Indian context, to enable an understanding of socio-cultural factors that impact market design.

Learning Objectives / Outcomes

The course is designed with the following specific objectives and learning outcomes:

- a. Understand basic principles of market design
- b. Explore factors that help markets succeed/fail
- c. Introduce emerging market perspectives in market design
- d. Enable students to experience economic, social, and cultural issues that impact market design

Pedagogy

The course-sessions are designed as a combination of lectures, case discussions, guest talks, field visits, and panel discussions. Students will also be able to learn the challenges of market design in India, by interacting with peers and experts, engaging in classroom discussions related to cases/experiential sessions and undertaking project work

Session-wise plan*

Day		9 - 10:15	10:30 - 11:45	12 - 1:15	2:15-3:30	3:45 to 5	Evening
12/6	Market Design through an Economist's Lens	Inauguration + Introduction to Market Design	Why do agri-markets fail Indian farmers? Case: Onion prices make India cry	Experiential Session: When prices do the talking. Introduction to Auctions	Guest session: Tea auctions in India (Prof. B Mahadevan)	Social structure matters for market design (Prof. Dalhia Mani)	Campus walk @5:30PM
13/6	Socio-cultural aspects of market design	Field visit: Market visit in Bangalore + Debrief With Arun Pai from Bangalore Walks, Day starts early.			Free afternoon		
14/6	Matching markets	Signaling and screening in market design: The case of entrepreneurial funds	Understanding issues in matching markets	Online market design	Panel Discussion: Design of Matrimonials and Dating Apps (Prof. R. Srinivasan)	Cultural Exploration	
15/6	Contemporary issues in market design	Coordinating deceased/living donations for organ transplants: contrasting perspectives from the developed and developing nations			Pitch time: Students work in groups or by themselves and pitch an idea for design improvements for their chosen market	Free time	
16/6	Society, values, and market design	Group work: Work on market-design-improvement projects	Course Wrap-up		Student Presentations + Certificate Presentations	Departure	

*Tentative plan. Subject to change

References

- **Reference Book:** Roth, Alvin E. Who gets what--and why: the new economics of matchmaking and market design. Houghton Mifflin Harcourt, 2015.
- Journal and multimedia articles as referred in each session

Session-wise Plan:

Each session below lists relevant references. Students are expected to read cases for class discussion and skim through other listed readings. When cases are not listed, we will have a lecture, in-class activity, or a guest speaker.

- **Session 1: Introduction to Market Design**
 - Article: Alvin Roth. "The Art of Designing Markets." Harvard Business Review, October 2007.
- **Session 2: Agri-markets in India**
 - **Case:** Tears with them, Tears without: Onion Prices make India Cry.
<https://www.hbsp.harvard.edu/product/IMB487-PDF-ENG>
- **Session 3: Price as a Market Mechanism (Introduction to auctions)**
 - Klemperer, Paul. "What really matters in auction design." Journal of economic perspectives 16.1 (2002): 169-189
 - <http://www.nuffield.ox.ac.uk/users/klemperer/wrm6.pdf>
- **Session 4: Redesigning Tea Auctions in India**
 - Guest Session
- **Session 5: Social Structures and Market Design (Guest Session)**
 - Granovetter, Mark. "The Impact of Social Structure on Economic Outcomes." *Journal of Economic Perspectives* 19.1 (2005): 33-50.
 - <http://people.soc.cornell.edu/swedberg/1994%20Markets%20as%20Social%20Structures.pdf>
- **Field Visit (Sessions 6 – 8): Historical and Cultural Perspective on Indian Markets + Debrief**
- **Session 9: Signaling and Screening in Markets**
 - Paul Oyer. "The tricky economics of dog adoption."
<https://hbr.org/2014/04/the-tricky-economics-of-dog-adoption>
 - Case: Screening for entrepreneurial funds (to be shared)
- **Session 10: Understanding Issues in Matching Markets**
 - <https://www.socialsciencespace.com/2017/08/al-roth-matching-markets/>

- Gale, David, and Lloyd S. Shapley. "College admissions and the stability of marriage." *The American Mathematical Monthly* 69.1 (1962): 9-15.'
- <https://www.livemint.com/Sundayapp/Hn2CFTCtgFCb009iTvzCSL/The-economics-of-marriage.html>
- <https://www.npr.org/transcripts/972943944>
- <https://www.theatlantic.com/family/archive/2020/02/modern-dating-odds-economy-apps-tinder-math/606982/>
- **Session 11: Online Markets and Reputation Systems**
 - Dellarocas, Chrysanthos. "Online reputation systems: How to design one that does what you need." *MIT Sloan management review* 51.3 (2010): 33.
 - Donaker, Geoff, et al. "Designing better online review systems." *Harvard Business Review* 97.6 (2019): 122-129.
 - **Case:** Airbnb (A), Edelman, Benjamin, Michael Luca, 912019-PDF-ENG (2011)
- **Panel discussion: Indian Matchmaking**
- **Sessions 14 - 16: Market for Human Organs (guest session)**
 - Market design for human organs, contrasting perspectives from the developed and developing nations (Mohan Foundation)
- **Group Work: Students work on their projects**
- **Session 17: Student Presentations**

Instructors: Sreelata Jonnalagedda



About Sreelata Jonnalagedda

Dr. Jonnalagedda currently teaches Pricing and Marketing Management for MBA students and Marketing Models for doctoral students. In her research, Dr. Jonnalagedda aims to understand the incentive structures that drive pricing (on the sellers' end) and purchase behavior (consumers' end). Structuring the price of innovative durable products, and understanding how bundles, retail prices and assortment choices influence consumer perceptions are among her research interests. Her wider areas of research include pricing, market design, digital pricing, and auctions.

Her work has been published in leading journals such as Management Science, Manufacturing & Service Operations Management, and the IIMB Management Review. Dr. Jonnalagedda has advised several start-ups. She has consulted in pricing and marketing innovation domains for the Tea Board of India, and startups in digital space such as VerbStudio, 91 Springboard, InMobi, Red Force Labs, etc.