



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 2025
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 Evaluation	Class Participation: 30% Market/Haat visit: 20% Group Project: 50%

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 underutilized 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	
0		Arrival Day						
1	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	Auctions: How and when do they work?	Guest Session: Commodity markets in India (Mr. Ramaseshan)	Social structure matters for market design		
2	Socio-cultural aspects of market design	Field visit: KR Market visit + Debrief Day starts early. 6:45 am assemble at IIMB reception			Free afternoon			
3	Matching markets	Signaling and screening in market design: The case of entrepreneurial funds (NSRCEL)	Understanding issues in matching markets. Venture funding, reputation system design, repugnant markets		Panel Discussion: Understanding marriage markets in India.		Mkt Visit (self-guided)	
4	Contemporary issues in market design	Guest Session: Growing the market for a new sport (Pickle Ball/UltimateFrisbee)		Organ donation and Allocation: The case of India	Pitch time: Students work in groups or by themselves and pitch an idea for design improvements for their chosen market		Programme Lunch @MDC	
5	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 (TB):** 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**
 - Ch. 1, 4, 5 of TB
- **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: Challenges with Commodity Markets in India**
 - Guest Session by Mr. Ramaseshan, former MD of NCDEX, India
- **Session 5: Social structure and economic outcomes**
 - Guest Session by Prof. Suresh Bhavatula, Entrepreneurship area, IIM Bangalore
 - 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 – 10): Historical and Cultural Perspective on Indian Markets + Debrief**
 - Field visit to the KR Market, Bangalore.
 - **6:45 am assemble at IIMB reception**
- **Session 11: Signaling and Screening**
 - Case: Allocation of venture capital at NSRCEL
 - <https://www.socialsciencespace.com/2017/08/al-roth-matching-markets/>

- **Session 12: Understanding 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.
- **Session 13: Online Platform and Reputation systems**
 - Feng, Zhu, and Iansiti Marco. "Why Some Platforms Thrive and Others Don't." *Harvard Business Review* (2019).
 - 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.
 - <https://www.nytimes.com/2015/12/12/business/discrimination-by-airbnb-hosts-is-widespread-report-says.html>
- **Session 14: Job Market Design**
 - Guest session by Prof. Sourav Mukherji, former CDS chair, Current Dean Alumni Relations, IIM Bangalore
- **Session 15: Dating, Marriage, and Matchmaking**
 - <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 16: Growing a new sport**
 - Sport brings communities together, but is that enough for it to be an economy in itself? In sports, like in any business, when there is no money, and there is no growth. We will look at new sports that are growing rapidly and ones that are struggling to make a mark and analyze what drives growth.
- **Session 17: Organ Donation and Allocation in India**
 - Guest session by Prof. Haritha Saranga, POM area, IIM Bangalore
 - Case: Living or brain dead? --- The challenge of increasing organ supply in India, Haritha Saranga
 - Organ Donation in India: Do we need the Opt-out system? Contemporary Concerns Study, Ritesh Kumari, Mayank Mani, Aug 2023
- **Session 18: In-class exercises: Improving donation and allocation efficiency of tissues and organs in India.**

- **Sessions 19 – 20: Student pitches of market design improving projects**
- **Sessions 21 - 23: Supervised group work on projects**
- **Sessions 24 -24: Student Presentations and certificate presentation**

Self-guided Activities for Market Design GNAM: Choose one of the following activities

Handicraft Market Exploration: Participants of the market design course are expected to physically visit one store that sells handicrafts. Participants can pick from one of the stores for the list given below. However, students can choose to do this activity on any of the program days, outside of class hours (Mon-Thu). A report on the learnings from this exercise is due on the last class day (Friday). Questions to guide the field visit:

What products are housed in these stores? What skills and unique aspects of India are being showcased in these handicraft stores? Compare and contrast with similar products that you may have seen in another country. What is your assessment of prices for these handicrafts? Are prices commensurate with skill/labor? What suggestions do you have to improve the market design for handicrafts?

List of Suggested Stores are Raga Arts and Cauvery Handicrafts. There are many branches, suggested locations are below:

Raga Arts

4.3(1.4T) · Craft store

No. 10, 38th B Cross 11th Main Road, Opp: Shalini Grounds Jayanagar · 081979 70063

Open · Closes 8:30 pm

Cauvery Handicrafts Emporium (KSHDCL)

4.3(4.8T) · Craft store

45, Mahatma Gandhi Rd

Open · Closes 8:30 pm · 098458 54526

Store with traditional handcrafted goods

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.