

# Price Rigidity and Market Structure: Evidence from the Japanese Scanner Data

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## Abstract

This paper investigates how price rigidity arises out of the specific market structures, such as degree of market concentration and pricing decisions of retailers and manufacturers. Using Japanese scanner data that contains transaction prices and sales for more than 1600 industries from 1988 to 2008, we find statistically significant negative correlation between the frequency of price changes and the degree of market concentration after controlling total sales at the industry and industry-group dummies. The results of two-way analysis of variance at the intra-industry level suggests that the variation of the frequency of price changes depends on the differences among manufacturers as well as those among retailers.

JEL classification codes: L11, E31, C41

Key words: Price stickiness, Market structure, Degree of concentration

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