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Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2015_BJEMT_17849
Title of the Manuscript:	The Price Dispersion of Homogeneous Goods
Type of the Article	Original Research Article

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This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

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PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Compulsory REVISION comments	No	
Minor REVISION comments	Author has well explained the price dispersion of Homogeneous Goods – Considering the time, demand and supply factor considerably well with the dependent factors. It is recommended to include base literature reference on which this model is explained to validate the said points State the conditions in which the price dispersion will not be possible, and limitation or draw backs in working out the price dispersion model As the suggested model is for polypoly market, state how this model could be worked out for the independent factors, as the firms could look of profitability with price dispersion Make the following corrections • Check space alignment between two words given, as it is found in few places no space is given, as it found in Page No – 1 - Abstract in Line – 7 give space between the word marketscan Check for word spacing in all pages of the manuscript	Dear Reviewer, first of all I want to thank you for your comments. Since this is a new approach to the price dispersion, there are no additional references to the model except the two I have given. But I have emphasized the difference between previous models and the presented approach in the introduction. For this purpose I have given an additional base literature reference. The main difference is that previous considerations ignored the dynamics of the purchase process. They separated the demand side into different consumer groups, while the supply side consists of profit maximizing players. Although this sounds reasonable, it ignores that the chance of the meeting of demanded and supplied product units is proportional to the number of units in a given price interval. This simple idea yields with some mathematics the empirically found fat-tailed price dispersion. The model is developed for a polypoly market. This is the key limitation. If there are key players (e.g. the manufacturers) disturbing this condition, their dynamics have to be taken into account, not discussed in this model (see conclusion). Since the theory is a microeconomic approach it



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		is in this version not directly applicable to determine factors increasing the profitability of firms. (at least in view of the author) But it can be used to understand the evolution of an entire homogeneous market over short and long time periods. (So for example the electricity market exhibits a Laplacian as price dispersion, as expected by the model. A generalization of the presented approach offers the opportunity to give a deeper understanding of the evolution of electricity markets.) Of course I would never submit a paper with these terrible spelling errors. There was a technical problem transforming the submitted paper to your version. I hope the journal can fix this problem.
<u>Optional/General</u> comments	No	