



SDI Review Form 1.6

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

General guideline for Peer Review process:

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.

To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

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PART 1: Review Comments

	Reviewer's comment	Author's comment <i>(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)</i>
<u>Compulsory</u> REVISION comments	▪ The paper is an interesting piece but very difficult to comprehend exactly what the reader proposes to achieve. So, for example, what is the author trying to achieve? Is the author disputing certain facts about the existing theory or developing a new theory? This has to be clear both in the abstract and in the introduction. ▪ Author should note that each theory has underlying assumptions. Therefore, to amend or suggest a new or refute any part of a theory will require you confronting the assumptions of the original theory and telling your audience why you think certain parts are not workable thus the need for a change. In that case, the model would have to be resolved to reflect the new revelation. In this work no such information has been provided. ▪ What are the underlying assumptions underpinning your current analytic	Dear reviewer, ▪ First of all I have to thank for the clarifying remarks. ▪ As suggested by the reviewer I have emphasized the difference between previous models of price dispersion and the presented novel theory in the introduction. The key difference is that previous models ignore the characteristics of the sales (purchase) process. Although for example Varian (see reference) realized this shortcoming in his paper, he gave merely a variation of the classic theory in order to explain the price dispersion but leave the sales process uncovered. Also emphasized is the shortcoming that none of the previous theories are able predicting the fat-tailed character of the price dispersion.



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	Model/theory. ▪ It seems model and theory are used interchangeably here but they are not the same. ▪ Also, what has been the issue with the old theory or the model? This has to be explicitly clear to readers that the old model has a deficit due to perhaps the absence of Laplace etc as indicated in your work. And what does this lead to so that your new work could fit into the shortfall in the previous. ▪ In 2.2 author need to explain what is meant by the Walrus equation? Is it part of the new model that you are proposing or an existing one (which i think by Walrus), then you tell the origin and what is the caveat you intend to disproof. ▪ The last paragraph of the introduction proposes to inform audience the structure of the study. It starts with first, keeping audience on the fence to see second, third etc, but nothing is said anymore of the arrangements. ▪ There are lots of topographical errors in the work. Most words are joined together such as,	▪ The dynamic model is rewritten and established by formulating the underlying assumptions in terms of four presumptions. (see text) ▪ The introduction has been changed in order to clarify the structure of the paper. I have also exchanged the term “theory” by “model”. ▪ The model delivers the Walrus equation. Walrus originally suggested that an excess demand increases and an excess supply decreases the price in time. This relationship can be formally written similar to Eq.(45) (see reference 16). But Eq.(45) is not only in agreement with Walrus statements, it represents an explicit result of the model derived directly from the price dispersion! ▪ I have adapted the introduction and additional information the KNCP
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	“Byincluding” “givefour”, “dispersionthe” etc. Please clean all these. ▪ Also, some abbreviations such as KNCP will be difficult for audience to appreciate what they really mean. ▪ The empirical data used to validate the proposed theory was not well explained in terms of where it is coming from. Where is this work coming from? Which country data did you use to validate this proposed theory? This leaves your audience wondering. ▪ In the development of theory generally, this three process are discernible: 1. Theory-practice-theory takes existing theory, apply to a phenomena, then develop new theory 2. Practice-research-theory see what is happening in a particular sector of society, submit it to research, develop theory from results. 3. Theory-theory-research/practice build on an initial theory to develop a second theory, then apply and test it.	dataset, where the data are coming from and the geographic region. I would never submit a paper with these terrible errors. There is obviously a technical problem with the transition of the submitted paper to your version. I hope the journal can fix it next time.
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	Clearly, yours fall under point three. Read more about theory building and follow procedures.	
<u>Minor</u> REVISION comments		
<u>Optional/General</u> comments		