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Economics

“Does Jailbreaking Raise Smartphone Profit? A Conjoint Survey Approach”

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Abstract

In 2009, the US Copyright Office provided an exemption to the Digital Millennium Copyright Act to permit jailbreaking, which allows iPhone users to download applications, either approved or not approved by Apple, for free. Jailbreaking can be a double-edged sword for Apple. On the one hand, jailbreaking provides a way for smartphone users to pay for applications, which represents lost revenue to smartphone developers. On the other hand, the higher demand for applications enhances the value and thus the demand for smartphones. In this paper, we will use a unique anonymous survey data on smartphone consumption and jailbreaking from college students in Hong Kong and mainland China to analyze several issues. First, we will jointly estimate the demand for smartphones and applications. Second, using the demand estimates, we will quantify the effect of allowing jailbreaking on the overall profitability of smartphone developers. The structural estimates will help us understand the different pricing strategies of smartphone developers in response to jailbreaking and possibly shed light on the future direction of copyright policies.

Date: June 21, 2012 (Thursday)

Time: 15:00 – 16:00

Venue: J214

ALL ARE WELCOME!

A Short Biography of Prof. Tin Cheuk Leung

Prof. Leung got his Ph.D. in Economics, from University of Minnesota, at Minneapolis, Minnesota US in 2009. He was previously a visiting scholar at Department of Economics, Wake Forest University, US and was teaching at University of Minnesota between 2004 - 2009.