Price discrimination and the price of price search*

Ritika Verma† Orestis Vravosinos‡

September 24, 2026

Abstract

We study price discrimination in markets where consumers search across firms and obtain discounts by incurring time costs (ordeals). Consumers differ in their valuation of time relative to money, shaping both search behavior and menu choice. Under regularity conditions, firms pool consumers with low time costs, as well as consumers with high time costs, and screen intermediate types through higher prices and shorter time ordeals. Screening lowers the top price relative to uniform pricing for the same consumer group: Raising that price would increase the time ordeals needed to preserve incentive compatibility elsewhere in the menu.

*We are grateful to Erik Madsen and Joyee Deb for helpful comments and discussions.
†New York University; e-mail: rv2179@nyu.edu.
‡University of Chicago; e-mail: orestis.vravosinos@uchicago.edu.