

## Supply and Demand Linkages in Exporting Multiproduct Firms

(joint work with Carsten Eckel and Ning Meng)

Abstract:

Products produced by a multi-product firm can be linked through demand linkages or supply linkages. On the demand side, changes in the output of one product can affect the demand for other products because consumers adjust their expenditures. This is commonly referred to as the cannibalization effect. On the supply side, joint inputs can create a dependency of one product's marginal costs on the output of other products.

The existence of these linkages is important for how these firms respond to shocks, and has major implications for several performance measures. In this paper we study the empirical relevance of these two types of linkages.