

Short-term Subsidies and Seller Type: A Health Products Experiment in Uganda

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Abstract

The way in which a product is distributed can have lasting effects on demand by influencing learning, anchoring price expectations, and shaping perceptions of product value. While these issues apply broadly, they are particularly important for health products in poor countries, where short-term subsidies are common, similar products are often available through both non-profit and for-profit organizations, and expanding access is an important public health goal. We implemented a field experiment in northern Uganda in which three curative health products were distributed door-to-door either free or for sale and by either an NGO or for-profit company. For all three products, subsequent purchase rates were lower after a free distribution. While we see no difference in subsequent purchase rates based on seller type, we find that contemporaneous demand for a newly introduced product is higher when the seller identifies as a not-for-profit organization.

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