

This is an important topic which matters to consumers and has been a high profile issue in the recent past. You have obtained a good 'off-the-peg' dataset with which to approach this question and you found a couple of papers by Goldberg and Verboven which have provided an ideal template for your investigation. You have implemented their procedures very well and the results are both plausible and powerful. You look carefully for break points and find quite good evidence that the UK differential narrowed markedly shortly after the block exemption for car dealerships was modified in 2002. The results of the second model are quite illuminating, especially in the contrast between what happened in the UK and elsewhere. This is a very competent analysis. You perhaps should have said a bit more about whether there are any other possible explanations for your results and you certainly could have gone on to say something about the value of the change in differentials to UK consumers. Overall, however, an excellent piece of work.