Complementarities between Drink Vending Machines and Food Vending Machines[*]

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This paper looks into consumer behaviours at a place where one drink vending machine and one food vending machine are placed together to investigate whether such an allocation strategy helps achieving higher profits. I estimate the complementarities between drink vending machines and food vending machines using transaction data. I find that these two types of vending machines are substitutes, implying that placing a food vending machine next to a drink vending machine is likely to crowd out the demand for the drink vending machine. Furthermore, an increase in social welfare is estimated in a counterfactual experiment where the food vending machine is removed, implying that the gain from stopping cannibalization outweighs the loss in deduction in choices.