

14.20 - Spring 2001

Topics for 14.20 – post-Exam 1

Use lectures, readings, class discussions, and problem sets to guide your review.

1. Entry
 - entry accommodation & deterrence (strategic taxonomy- eg. Puppy dog)
 - predatory behavior (e.g., titanium dioxide, American Airlines)
2. Product choice & quality
 - product quality
 - product durability
 - spatial models of product differentiation (Hotelling line, Salop circle), cereal discussion
3. Advertising
 - role of advertising in markets
 - Advertising/sales optimization
 - advertising as a strategic choice (e.g., cigarette companies)
4. R&D
 - the role of appropriability & innovation incentives
 - intellectual property protection (patents, copyrights, etc).
 - who innovates? (market structure, strategic choice, & innovation incentives)
5. Price Discrimination
 - Nonuniform pricing:
 - sources of price dispersion, prerequisites, welfare implications
 - Market segmentation (e.g., airlines, gasoline service stations)
 - monopoly v. oligopoly markets
 - Nonlinear pricing (e.g., two-part tariffs, bundling)
6. Internal organization
 - what determines firm boundaries (especially transactions costs, asset specificity)
 - contracting applications (sales force, coal contracts applications)
 - what do firms maximize?
 - alternatives to profit maximization
 - constraints on managerial behavior
 - internal incentives (e.g., executive pay)
7. Vertical organization
 - vertical integration: motives for & effects of vertical integration
 - market power (e.g., Alcoa) & efficiency
 - alternative vertical restraints (and antitrust policy)
8. Microsoft Antitrust Case