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