

Industrial Economics B: Games & Strategies – P13318

**An Overview of the module and the looming *fun*
called the *Exam***

What you need to know?

- Topic 1: Simple Games & Industrial Organisation
 - Topic 2: Extensive Form Games, Market Entry & Strategic Commitment
 - Topic 3: Oligopoly I – Traditional Models
 - Topic 4: Oligopoly II – Spatial Models & Product Differentiation
 - Topic 5: Repeated Games, Dynamic Oligopoly & Collusion
 - Topic 6: Corporate Strategy, Competition and Cooperation
 - Topic 7: Strategic Entry Deterrence: Pricing and Non-Pricing Strategies
 - Topic 8: Antitrust & Competition Policy
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What you need to know?

This is of course *not* an exhaustive list

- Topic 1: Simple Games & Industrial Organisation
 - Classic Normal Form Games – Prisoners’ Dilemma, Pure Coordination, Assurance, Battle of Sexes, Chicken, Matching Pennies;
 - Equilibrium concepts – dominant strategy, IEDS, Nash equilibrium;
 - *Applications and lessons* from Prisoners’ Dilemma and Coordination games; More complicated games – games with more than 2 strategies.
- Topic 2: Extensive Form Games, Market Entry & Strategic Commitment
 - Extensive Form of *Classic* Games; Market Entry game – basic, game with commitment of capacity expansion type, lessons, Applications (Alcoa, DuPont and Starbucks capacity expansion);
 - Entry into China & First-mover advantages; Ultimatum & Dictator Games.
- Topic 3: Oligopoly I – Traditional Models
 - Cournot and Stackelberg Oligopoly models; Bertrand models – models with identical products and differentiated products;
 - Experimental evidence on Oligopoly models.
- Topic 4: Oligopoly II – Spatial Models & Product Differentiation
 - Hotelling’s Location model (location and price choices); Clustering in geographic space – Strategic Complementarity, three sources (Agglomeration Economies, Information Herding, Oligopolistic Reaction).

What you need to know?

- Topic 5: Repeated Games, Dynamic Oligopoly & Collusion
 - Repeated Prisoners' Dilemma – one-shot vs. infinitely repeated games (grim-trigger & tit-for-tat strategies, and when will players sustain cooperation)
 - Backward Induction Paradox and ways to avoid it in: multiple Nash equilibria, uncertainty about the future, uncertainty about players (incomplete information);
 - Experimental Evidence on the Prisoners' Dilemma;
 - *IO application*: Dynamic Oligopoly, Collusion and Cartels; Factors affecting sustainability & enforcement of a collusion and cartel.
- Topic 6: Corporate Strategy, Competition and Cooperation
 - Co-opetition (competition & cooperation) and shaping business strategy; How can the game be changed by changing the PARTS;
 - Network effects and Technology Adoption
- Topic 7: Strategic Entry Deterrence: Pricing & Non-Pricing Strategies
 - Barriers to Entry; Limit Pricing; Predatory Pricing; Raising Rivals' Costs; Investments to Lower Production Costs; Empirical Evidence; Strategic Commitment
- Topic 8: Antitrust & Competition Policy
 - Antitrust Laws & their rationale; Antitrust Issues; Antitrust Case (Microsoft); Antitrust Detection Strategies (Corporate Leniency Programs)

Module Assessment & Exam Issues

- Exam Structure (100%):
 - 2 hour exam
 - Section A: 50%
 - 5 compulsory questions worth 10% each
 - Problem solving OR conceptual
 - Section B: 50%
 - Choose ONE out of TWO essay questions
 - Hypothetical business case (analyse *with* theoretical tools)
 - Empirical example(s) (analyse *with* theoretical tools)
 - Typical essay Q (apply concepts from industrial organisation)
 - How much should I write?
 - How much can you write in **10** minutes for Section A questions and **50** minutes in essay?
 - What should I write?
 - Be selective *not* everything on a particular topic will be relevant
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Which material could be useful?

- Outline {esp. **content & reading list for each topic**}
 - Lecture Handout {with ppt **notes**}
 - Readings
 - Seminar Activities
 - Question Bank + Past Exam paper/Feedback
 - Contact your module convenor if you have queries!!
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All the Best for the
exam!

Sailesh
