Index

absorptive capacity, 524
add-on pricing, 236
adverse selection, 298
advertising, 96, 142, 630
and product quality, 304
Airbus, 51
airline industry, 402
Amazon, 643, 645, 652, 656, 694, 695, 699, 700, 707
Apache, 563
Apple, 614
Apple’s iTunes, 651
appropriability problem, 533
assortative matching, 660
asymmetric information, 297
and investment incentives, 304
B2B marketplace, 657
backward induction, 724
bandwagon, 602, 658
battle of the sexes, 619
Bayesian Nash equilibrium, 726
beer cartel, 382
beer industry, 463
Bertrand competition, 660, 707
best response, 7, 720
bid-ask spread, 652
big data, 200
blockaded entry, 426, 623
Boeing, 51
bootstrap equilibrium, 331
boundaries of the firm, 20
bundling, 196
and leverage of market power, 436
mixed, 275
pure, 272
business-stealing effect, 84
cannibalization effect, 224
car dealership, 460
car industry, 325
cartel, 349, 680
cartel formation
sequential, 354
simultaneous, 351
centralized exchange, 649
certification, 645
certifying intermediary, 701
CES utility function, 586
characteristics approach, 112
Chicago School, 730, 735
Chicago critique, 464
Chicago Law School, 462
Chicago School, 730, 735
chicken and egg, 601
chicken-and-egg problem, 679, 693
Clayton Act, 730, 732
clearance sale, 252
clearinghouse, 689
Coase conjecture, 249
collusion, 357
and countercyclical prices, 374
and demand uncertainty, 372
and multimarket contact, 367
and R&D cooperation, 526
and unobservable actions, 375
optimal punishment, 363
tacit, 358
collusive network, 355
commercial jet industry, 51
commitment, 76, 80
communication market, 577
communication network, 605
community content, 694
compatibility, 579
backward compatibility, 627
competition effect, 119
competition policy, 634
competitive fringe, 30
computer operating system, 673
customer poaching, 108, 261
computer software, 644
correlation index, 35
concurrent variations, 71
consumer lock-in, 174
customer poaching, 108, 261
customer search, 689
customer surplus, 24
coordinated effects, 408
coordination problem, 596, 656, 679
copyright, 534, 543, 556, 561
copyright protection, 5
coupons, 175, 184
Cournot merger, 390
Cournot model, 54, 99, 606
credence good, 176
cumulative innovation, 540
customer poaching, 108, 261
damaged goods, 227, 228
data mining, 200
dating club, 648
dealer, 643
demand uncertainty, 372
and collusion, 372
and intertemporal pricing, 255
deterred entry, 623
Diamond paradox, 168
discrete choice, 112, 126
demand uncertainty, 372
and collusion, 372
and intertemporal pricing, 255
deterred entry, 623
Diamond paradox, 168
discrete choice, 112, 126
demand uncertainty, 372
and collusion, 372
and intertemporal pricing, 255
deterred entry, 623
Diamond paradox, 168
discrete choice, 112, 126
demand uncertainty, 372
and collusion, 372
and intertemporal pricing, 255
deterred entry, 623
Diamond paradox, 168
discrete choice, 112, 126
demand uncertainty, 372
and collusion, 372
and intertemporal pricing, 255
deterred entry, 623
Diamond paradox, 168
Dorfman-Steiner model, 142
double marginalization, 452, 479
double moral hazard, 327
DRM, 614
durable good monopoly
commitment, 251
durable goods, 243
eBay, 644, 645, 651, 709, 711
economies of scale, 14
economies of scope, 15, 29
entry accommodation, 420
entry and exit, 97
entry deterrence, 418, 428, 434
and switching costs, 439
entry-related strategies
taxonomy, 418
event study, 411
excess inertia, 596, 600, 620
asymmetric, 603
symmetric, 603
excess momentum, 596, 600
exclusive contracts, 678
exclusive dealing, 462
and buyer miscoordination, 469
and investment incentives, 473
and long-term contracts, 465
exclusive territories, 458, 459
expectations management, 630
experience good, 175
extensive form, 723
Federal Trade Commission, 732
Firefox, 563
firm turnover, 98, 100
first-mover advantage, 76, 77
fixed cost, 15
Folk theorem, 360
free entry, 81, 82
frequent-flyer programme, 175
fulfilled expectations, 587
generic drugs, 30
grim trigger strategy, 359
group pricing, 198
and localized competition, 204
monopoly, 200
Guide Michelin, 701
hedonic approach, 582
Herfindahl index, 35, 59
hidden action, 301
hidden information, 297
holdup, 548–550
horizontal merger, 389
and endogenous entry, 405
and price competition, 406
efficiency increasing, 393
welfare effects, 397
horizontal merger guidelines, 732
horizontal product differentiation, 112
Hotelling model, 50, 115, 118, 128, 668
imperfect monitoring, 332
incentive compatibility, 223
indistinguishability theorem, 380
indivisibility, 532
industry concentration, 91
infomediary, 643
infomediation, 689
information disclosure, 300, 705
information gatekeeper, 688, 689
information overload, 686
information rent, 224
innovation
complementary innovations, 548
cumulative, 548
drastic, 499, 507
efficiency effect, 511–514
non-drastic, 499
process, 499
product, 499
replacement effect, 501, 511, 513, 514
sequential innovation, 548
instability in competition, 118
installed base, 605
intellectual property, 533
interchange fee, 675, 681
intermediation, 643
divide-and-conquer strategy, 658
introductory offer, 252
inverse elasticity rule, 27
IP
TRIPS Agreement, 535, 541
IP law, 534
Joint Executive Committee, 381
Katz-Shapiro model, 604, 615, 622, 628
Kreps-Scheinman model, 61
leader–follower game, 76
lean and hungry look strategy, 419, 431
Index

Lego, 608
leniency programme, 382, 384
Lerner index, 27, 34, 59, 72, 665
licensing
   FRAND, 555
   limit pricing, 442
   linear demand, 23
   Linux, 563, 564
   lock-in, 579, 597
   logit model, 126
      binomial, 128
      multinomial, 129
      nested, 132
   long tail, 694, 700
   lower bound of concentration, 92, 96
manager compensation, 17
market power, 3
market segmentation, 650
market sharing agreement, 355
market sharing agreements, 370
market size effect, 119
marketing mix, 107
matching market, 648, 650
   and sorting, 659, 660
measurement error, 128
Mechanism design, 221
media platform, 673
menu pricing, 198
   and quality-dependent prices, 222
   and quantity-dependent prices, 229
   imperfect competition, 230
   quality-based, 231
   quantity-based, 236
merger
   horizontal, see horizontal merger, 389
   merger simulation, 411
mergers
   and two-sided platforms, 679
successive, 402
Microsoft, 250, 438, 501, 678
minimum quality standard, 706
mix and match, 288
mobile telephony, 412
monopolistic competition, 88, 98, 586
monopolization, 733
monopoly pricing, 665
monopoly pricing formula, 27
moral hazard, 17, 302, 326, 327, 330, 455, 702
   and competition, 332
   repeated, 330
most-favoured customer clause, 81
multi-homing, 672
myopic expectations, 587
Nash bargaining, 474, 648
Nash equilibrium, 6, 7, 721
natural monopoly, 4
natural oligopoly, 95, 124
nested logit, 412
nested logit model, 582
Nestle, 296, 408
network, 573
critical mass, 591
network effects, 577, 662, 670
direct, 577, 584
indirect, 577, 585, 679
microfoundation of, 586
local, 593
network externalities, 595
night clubs, 665, 681
Nintendo, 678
no-surcharge rule, 663
normal form, 720
online retailer, 694
open-source, 562, 563
opportunism problem, 473
orange juice, 50
overtaking, 661
Pareto criterion, 591
partial equilibrium, 24
participation constraint, 17
patent, 5, 561
   cross-licensing, 554
   patent ambush, 555
   patent assertion entities, 551
   patent breadth, 543
   patent length, 541
   patent licensing, 504
   patent pool, 554
   patent pools, 548
   patent thicket, 553
   patent trolls, 551
   royalty-stacking, 553
   software patent, 561
   patent paradox, 539
   patent portfolio theory, 539
   patents, 534
   blocking patents, 512
   fixed-fee licensing, 507
   patent race, 512, 515
   royalty licensing, 507, 509
path dependence, 598
pay for delay, 512
payment system, 578, 644
PC operating system, 620
perfect competition, 26
penetration pricing, 625
perfect Bayesian Nash equilibrium, 727
personalized pricing, 198
   and location decisions, 208
persuasive advertising, 153
pesky little brother, 619
Index

pharmaceutical industry, 537
piracy, 557
3D printing, 560
platform operator, 643
pooling equilibrium, 299, 728
price discrimination, 195
behaviour-based, 259, 262
definition, 197
empirics, 230
geographic, 209
intertemporal, 196
price dispersion, 691, 693
spatial, 163
temporal, 165
price information, 645
principal-agent relationship, 17
probabilistic choice, 127
probabilistic choice theory, 126
product differentiation, 50, 111
horizontal, 113
vertical, 120, 265, 660
product innovation, 96
product preannouncement, 632
product reliability, 324
profit maximization, 15
public good, 532, 533
publishing industry, 68
puppy dog strategy, 421
quality management system, 302
R&D competition, 430
R&D cooperation, 517
and antitrust, 523
and collusion, 526
R&D spillovers, 524
raising rivals’ costs, 431
raising-the-rivals-cost, 483
random coefficient model, 134
random matching, 648, 660, 661
random utility, 127
rating system, 645
rationalizable strategies, 720, 721
rationing
efficient, 62
proportional, 64
random, 252
recommender system, 694, 697
relevant market, 679
repeated game, 361
representative consumer, 112
reputation, 331
reputation system, 707
resale price maintenance, 456
and collusion, 459
resale-price maintenance, 455
Research in Motion, 551
research joint venture, 522
Robinson-Patman Act, 730, 732
R&D, 497
S-D-S model, 88
Salop model, 52, 120
satellite radio, 676
screening, 221
search, 167
search engine, 645
second-best optimal, 399
secret contracts, 471
separating equilibrium, 728
Sherman Act, 730, 732
shopping mall, 644, 656, 673
signaling
and imperfect competition, 317
with advertising, 304
with price, 308
with price and advertising, 314
with warranties, 323
signalling game, 727
single-crossing property, 223
singlehoming, 667
software, 228, 561
software industry, 582
Sony, 627, 678
software industry, 582
Sony, 627, 678
software industry, 582
Sony, 627, 678
sorting externality, 659
SSNIP test, 33, 676
Stackelberg game, 76
standard
standards war, 619
standard-setting organizations, 555
standardization, 604, 613, 615
standards
de facto, de jure, 633
standards war, 613, 619, 622, 627
stationary perfect equilibrium, 354
stick-and-carrot strategy, 363
stimulus, 127
strategic complements, 66, 68
strategic substitutes, 59, 66, 69, 155, 421
sunk cost, 15
endogenous, 92, 94
exogenous, 91, 98
supermarket industry, 97
switching cost, 174, 581, 620
switching costs, 579
and entry deterrence, 439
system market, 577, 582
technical progress, 498
telecommunications, 644
telecommunications industry, 526, 605, 681
termination rates, 681
top dog strategy, 419, 423
tour operators, 704
trade secrets, 534, 536, 548
trademarks, 534
tragedy of the anticommons, 553
transferable rights, 504
Treaty of Rome, 730, 731
two-part tariff, 236
two-part tariffs, 230
two-sided market, see two-sided platform, 689
two-sided platform, 644, 662, 689
tying, 196, 270
umbrella branding, 335
unit demand, 23
unravelling, 299, 300
vaporware, 632
versioning, 198
vertical differentiation, 657
vertical integration, 465, 466
vertical merger
and collusion, 485
vertical mergers
collusive effects, 485
exclusionary effects, 479
vertical oligopoly, 476
vertical product differentiation, 112
video game, 644
video-game console, 667, 678
vitamin cartel, 350, 361, 378, 382
warranties, 323
waterbed effect, 681
whistleblowing programme, 385
Williamson trade-off, 389
word-of-mouth, 694
digitization of, 707