



**COURSE INFORMATION**

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**Course Number:** MGT 410E  
**Course Title:** Competitor  
**Term and Year:** Fall 2017  
**Classroom:** RM 4420  
**Class Meeting Time, Day:** Saturday, August 19, 8:00—11:00am  
 Saturday, September 2, 8:00—11:00am  
 Saturday, September 16, Noon—3:00pm  
 Saturday, September 30, 8:00—11:00am  
 Saturday, October 14, Noon—3:00pm  
 Saturday, October 28, Noon—3:00pm  
**Course Support:** Mary Ellen Nichols, [maryellen.nichols@yale.edu](mailto:maryellen.nichols@yale.edu) Monday—Friday 8:30am—5pm; after hours please contact the TA or the faculty.

**CONTACT INFORMATION**

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Professor(s)	TA(s)
Evangelia Chalioti 30 Hillhouse Ave., Rm 35 217-607-3535 <a href="mailto:evangelia.chalioti@yale.edu">evangelia.chalioti@yale.edu</a> <b>EMBA Office Hours:</b> By appointment	Cooper Watts: <a href="mailto:cooper.watts@yale.edu">cooper.watts@yale.edu</a>  William (Alex) Geer: <a href="mailto:alex.geer@yale.edu">alex.geer@yale.edu</a>
<b>Review Sessions:</b> Friday, October 13, 7—9pm; Saturday, October 28, in-class.	

**COURSE MATERIALS**

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The **required readings** for each session will be listed in the last slide of the lecture notes.

**Recommended textbooks:**

- *Microeconomics* by Robert S. Pindyck and Daniel L. Rubinfeld. 8th edition, ISBN-10: 013285712X (You should already own this from Economics).
- *Industrial Organization: A Strategic Approach* by Jeffrey Church and Roger Ware, Irwin McGraw-Hill, 2000. Available in PDF format at [http://works.bepress.com/jeffrey\\_church/23](http://works.bepress.com/jeffrey_church/23)  
It will also be posted on Yale Canvas.

**Supplementary books:**

- *Industrial Organization: Markets and Strategies* by Paul Belleflamme and Martin Peitz. Cambridge University Press, (4th printing 2012).
- *The Theory of Industrial Organization* by Jean Tirole. MIT Press, 1992.
- *Industrial Organization. Theory and Applications* by Oz Shy. MIT Press. 1995.
- *Industrial Economics* by George Symeonidis. University of London Study Guide, 1999

**Software:** None

**COURSE DESCRIPTION AND OBJECTIVES**

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This course equips students to use durable principles from marketing, organizational behavior, accounting, politics, and especially economics to achieve success in competitive environments. Students will use course

tools to understand a manager's role in a company's value creation and value capture activities. Using this perspective, we will examine the potential for suppliers, buyers, complementors and traditional rivals to function as both competitors and cooperators to a company in the marketplace.

Emphasis will be placed on anticipating the actions of other marketplace participants by understanding those participants' objectives and constraints.

The course explicitly recognizes that relevant players in the environment include governments, nonprofit organizations, and corporations and that all of these agents can behave both cooperatively and competitively. Thus, an important premise of this course is that the environment within which organizations compete is complex, encompassing not only the market but political, cultural and legal dimensions. Finally, the course explicitly draws attention to the fact that objectives and constraints arise not only from the external faces of the environment but from internal features of the organization. Over the thirteen sessions, the course will draw from the disciplines of economics, accounting, marketing, organizational behavior, and politics. The early sessions will attempt to provide a bridge from the more skills-oriented economics class to applying those tools to strategic applications.

## **COURSE REQUIREMENTS/GRADING**

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The course grade will be the weighted average of the following:

Class Participation/Presentations	15%
Written Work/Problem Sets	40%
Take-Home Final Exam	45%

Please see the Yale SOM Grading Policy at <http://portal.som.yale.edu/page/grading-policy>

## **DESCRIPTIONS OF ASSIGNMENTS/PROJECTS/PROBLEM SETS**

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### **Participation**

Class participation counts for a significant fraction of your grade, so it is in your interest to participate - in addition to making class a whole lot more fun. Quality of class participation is more important than quantity. You will cheat yourself out of much of what you could have learned if you do not prepare for class beforehand. Please put up your name card every day to help us distribute participation evenly. You are free, and indeed, encouraged, to discuss cases and preparation questions with a study group.

### **Assignments**

There will be written assignments for many sessions that are due in class. You are able to discuss the problem sets with members of your learning team, but the solutions should be written up individually. Problem sets are meant to reinforce in-class learning. Note that some of the written assignments are quite extensive. Unless otherwise specified, written work is due in hard copy at the start of class.

Please include the number of your learning team and the individual group participant names on all group assignments.

The librarian for SOM held a webinar information session that provides an orientation to library resources available for company/industry research. The information session includes an introduction to online company document resources such as EDGAR. It is highly recommended that you view the session posted on Canvas to prepare for the written work in this class, but also to prepare you for other classes.

## Exam

The exam will be a closed-book exam covering all the material in the course and also featuring a new setting in which you will use the tools of the course to undertake some analysis. It will be a take home exam, distributed during the last class and due by November 9 at 11pm. Although it is take home, the exam will be timed through Canvas and is set for 3 hours.

## YALE SOM POLICIES

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Please see the Yale School of Management Bulletin at <http://www.yale.edu/printer/bulletin/htmlfiles/som/m.b.a.-for-executives-program.html> or “SOM Policies” link on the left navigation bar for information.

## Course Recording

All EMBA course lectures are recorded with permission of the faculty and posted to Canvas.

## Laptop/Device Policy

Usage not allowed without the express permission of the instructor.

## DETAILED OUTLINE OF CLASS SESSIONS

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Following is a sketch of topics we are likely to cover (some modifications are likely along the way). As mentioned above, the **required readings** for each session will be listed on Canvas.

**Recommended (not required): \*\***, **Optional: \***

### Session 1: August 19, 8:00-11:00am

#### **The Competitor Perspective; Static Oligopoly Competition; Cournot competition; Bertrand competition; Dynamic Models of Oligopoly**

\*\*Brandenburger and Nalebuff, “The Right Game: Use Game Theory to Shape Strategy”

\*\*Oster and Podolny, “A Note on the Competitor Perspective”

\*\*Church & Ware; CH. 7, 9 (review of game theory), CH. 8, 10, Sec. 13.2

\*\*Belleflamme & Peitz; CH 3, Sec. 4.2, 4.1

\*Chapiro, C. (1989), Handbook of Industrial Organization, CH 6: Theory of oligopoly behavior, Vol. 1, pp. 326-414.

\*Bresnahan, T. F. (1981), "Duopoly Models with Consistent Conjectures", American Economic Review, Vol. 71 (5), pp. 934-945.

### Session 2: September 2, 8:00-11:00am

#### **Firm strategies; Strategic investment; Product Differentiation; The Hotelling Framework**

\*\*Church & Ware; CH. 11

\*\*Belleflamme & Peitz; Sec. 5.2, 12.2, 12.3

\*\*Government to demand no frill cigarette packets, ABC News, April 29, 2010

\*\**Introduction to Industrial Organization* by Cabral, CH. 12: “Product Differentiation” through Sec. 12.2 (ending on page 215).

\* Shaked, A. and J. Sutton (1982), "Relaxing Price Competition Through Product Differentiation", Review of Economic Studies, Vol. 49 (1), pp. 3-13.

\* Salop, S. C. (1979), "Monopolistic Competition with Outside Goods", Bell Journal of Economics, Vol. 10 (1), pp. 141-156.

**Session 3: September 16, Noon-3:00pm (Group presentations; Due: Problem Set 1). Co-Instructor: Alina Lerman.**

**Choosing a differentiation position; Porter's 5 Forces.**

**Required readings:**

- (i) The Five Competitive Forces that Shape Strategy, HBR R0801E
- (ii) Hubbard, "Industry Analysis and Oligopoly Models"
- (iii) Library training webinar: <http://media.som.yale.edu/media/library-intro-090915>

**Session 4: September 30, 8:00-11:00am (Group presentations). Guest Speaker: Judy Chevalier.**

**Industry Analysis Framework**

- \*\*Church and Ware, CH 15
- \*\*Spotify: Face the Music, IES473-PDF-ENG

**Session 5: October 14, Noon-3:00pm (Due: Problem Set 2). Guest Speaker: Barry Nalebuff.**

**Transfer Pricing; Double Marginalization; Vertical Integration.**

- \*\*Pindyck and Rubinfeld, Appendix to CH 11
- \*\*Quiznos closes plaintiff's stores, Toronto Star, 1 May 2009
- \*\*Understanding the Economics of Franchising and the Laws that Regulate it, Blair and Lafontaine
- \*\*Pinkberry franchise offering document
- \*\*Church & Ware; CH 22
- \*\*Belleflamme & Peitz; CH 17
- \* Rey, P. and J. Tirole (2003), "A Primer on Foreclosure", mimeo.
- \* Salop, S. and D. Scheffman (1983), "Raising Rivals' Costs", American Economic Review, Vol. 73 (2), pp. 267-271.
- \* Hart, O. and J. Tirole (1990), "Vertical Integration and Market Foreclosure", Brookings Papers on Economic Activity: Microeconomics, pp. 205-286.
- \* Mortimer, J. H. (2008), "Vertical Contracts in the Video Rental Industry", Review of Economic Studies, Vol. 75 (1), pp. 165-199.

**Session 6: October 28, Noon – 3:00pm (Due: Problem Set 3). Wrap Up and Review.**

**Horizontal Mergers; Collusion and Monopolization Industries with technological and regulatory change; Searching**

- \*\*Church & Ware; CH 23
- \*\*Belleflamme & Peitz; CH 15
- \* Department of Justice, Horizontal Merger Guidelines, [http://www.usdoj.gov/atr/public/guidelines/horiz\\_book/hmg1.html](http://www.usdoj.gov/atr/public/guidelines/horiz_book/hmg1.html)
- \* S. Berry, S. and J. Waldfogel (2001), "Do Mergers Increase Product Variety? Evidence from Radio Broadcasting", Quarterly Journal of Economics, Vol. 116 (3), pp. 1009-1025.
- \*\* Innovation and Incentives by Suzanne Scotchmer, 2004, MIT Press; CH 3, 5 (CH 4)
- \* Besen, S. and L. Raskind (1991), "An Introduction to the Law and Economics of Intellectual Property", Journal of Economic Perspectives, 5 (1), pp. 3-27.
- \* Qiu, L. (1997), "On the Dynamic Efficiency of Bertrand and Cournot Equilibria", Journal of Economic Theory, Vol. 75 (1), pp. 213-229.
- \* Afuah, A. (2009), "Strategic innovation: New game strategies for competitive advantage", Routledge, Part V, Cases 3, 9, 11, 12.

*The instructor reserves the right to modify and/or change the course syllabus as needed during the course.*