



## 1. Introduction

- x The Research Framework of Industrial Organization Theory

## 2. Monopoly Pricing

- x Monopoly pricing: an overview
- x Price discrimination
- x Multiproduct pricing
- x Dynamic pricing (learning consumer demand, durable-good pricing, ...)
- x Selling formats: listing prices vs. bargaining vs. auctions; marketing channels

### References

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## 3. Static Models of Oligopoly with Homogeneous Products

- x The Cournot Model
- x Bertrand Competition

## 4. Product Differentiation and Price Competition

A Historical Overview



## Discrete Choice Models

- x Formulation
- x The Independent Case without Outside Good (Perloff and Salop, 1985)
- x The Copula approach to product variety (Chen and Riordan, 2008)
- x Price and Performance in Differentiated Industries with General Distributions of Consumer Preferences (Chen and Riordan, 2010)

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## Planning for Term Paper

## 5. Dynamic Models of Oligopoly

- x Strategic Behavior: Ideas and Applications
- x Dynamic Price Competition
- x Dynamic Pricing Based on Consumer Purchase Histories
  - f* A Model of Ex-post Differentiation due to Consumer Switching Costs (Chen, 1997)
    - ¾ Motivation
    - ¾ The Model
    - ¾ Second-Period Demand
    - ¾ Second-Period Equilibrium: The Irrelevance Result; the Role of Switching Cost; The Ratio of markups; The Role of Market Shares
    - ¾ First-Period Equilibrium
    - ¾ Comparing with Uniform Pricing
    - ¾ Welfare Implications
  - f* A Model of Ex ante Differentiation due to Heterogeneous Consumer Preferences (Fudenberg and Tirole, 2000)
    - ¾ Motivation
    - ¾ The Model
    - ¾ Second-Period Demand
    - ¾ Second-Period Equilibrium: The Ratio of markups; The Role of Market Shares
    - ¾ First-Period Equilibrium
    - ¾ Comparing with Uniform Pricing
    - ¾ Welfare Implications

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## Proposal for Term Paper

## 7. Vertical Mergers and Vertical Organization of Industries

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### Exam

## 8. Innovation and Intellectual Property Rights

### 1. Market Structure and Innovation Incentive

- x Arrow's Analysis (1962): Process Innovation
- x Preempting Monopoly: Gilbert and Newbery (1982)
- x Product Innovation: Can Arrow's Ranking Be Reversed?

### 2. A Model of Vertical Organization and Innovation Incentive

- x Formulation
- x Upstream Innovation Under Downstream Cournot Competition
- x Upstream Innovation Under Downstream Bertrand Competition
- x Vertical Integration and Innovation Incentive

### 3. Intellectual Property Rights (IPRs) and Innovation

- x The Basic Trade-off
- x Common Forms of IPRs
- x Intellectual Property Rights (IPRs) and Innovation in Developing Countries: Theory and Evidence

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