



Management & Strategy

Strategic Industry Analysis

Winter Semester

Institute:	Institute for Strategy, Technology and Organization
Lecturer:	Jörn Rothe, Dr.
Assistant:	Safia Bouacha
Weekly hours:	2
Credits	3 ETCS (Bachelor)
Examination:	Exam
Prerequisites:	Previous exposure to microeconomics and elementary game theory.
Course Material:	via Moodle

Course Description & Main Objectives

The aim of this course is to build on and integrate industrial economics, game theory and management strategy to develop a framework for thinking about competition within markets and industries. Game theory provides the abstract theory of strategic interaction, and microeconomics (specifically industrial economics) provides the background on demand, production and market structures. In this course, we discuss the integration and application of these components in thinking about competitive strategy for firms in markets. We will use simple models to clarify the logic of strategic reasoning, and apply this logic to a number of case studies.

The course requires previous exposure to microeconomics and elementary game theory, and addresses students who want to see how these concepts can be applied to industry analysis. Simple formal models will be used so that assumptions can be made explicit and conclusions demonstrated. However, to follow the course, you only need to be able to understand "first-order conditions" of simple functions.

The course is self-contained. It is **essential**, however, that participants prepare by reading a selection of relevant case studies in advance. Additional reading material will be listed in a detailed course syllabus.



Lectures Overview/ Course Outline

The seminar consists of theoretical sessions and practical case study analyses.

Course outline

Session 1: Introduction: Strategy, Economics, Management & Game Theory

Session 2: Case study

Session 3: Cross-industry studies of structure and performance.

Session 4: Market definition, market structure, and the structure of demand

Session 5: Case

Session 6: Static price competition - Foundations

Session 7: Static price competition - Variations

Session 8: Two-stage models of competition - Theory and applications

Session 9: Dynamic price competition and collusion

Session 10: Case study

Session 11: Strategic aspects of innovation

Session 12: Case study

Session 13: Entry and exit

Session 14: Case study

Literature

Besanko, D., Dranove, D. & Shanley, M. (1996), *The Economics of Strategy*, Wiley, New York, NY. 2nd edition 1999. 3rd edition 2003. 4th edition 2007. 5th edition 2010. 6th edition 2013. From the 3rd edition with S. Schaefer.

Cabral, L. M. B. (2000), *Introduction to Industrial Organization*, MIT Press, Cambridge,