

Ciclo de Seminários do CEG-IST: 2º semestre 2010/2011

9 de Maio de 2011, 16:00-17:00

Tema	Margarida Catalão (Centro de Estudos de Gestão do Instituto Superior Técnico, Portugal)
Palestrante	“Entry deterrence under scope economies”
Local	Sala C12 (IST, campus Alameda)

Resumo

In this paper we develop a model where the incumbent may expand to a second market so as to signal the existence of scope economies and deter potential entry. We show that the incumbent only expands to another market when scope economies are large enough. Thus expansion is indeed a signal of larger economies of scope and for certain parameter values it leads to entry deterrence. We characterize the unique Perfect Bayesian Equilibrium (PBE) for the various parameter values and show that the PBE may involve accommodation, entry deterrence or a mixed strategy equilibrium.