

**ECO 4104 Economics of Competitive Strategy**  
**Spring, 2018**

**Instructor:** Chunrong Ai

**Office:** MAT 336

**Class meeting time:** TR 3-4 (section 04H7) and 7-8 (section 0932)

**Class meeting place:** MAT 114 (section 0932) and MAT 119 (section 04H7)

**Office hours:** MW 3:00pm – 4:00pm or by appointment

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**SYLLABUS**

**Course Objectives:** This course focuses on identification and analysis of competitive strategies in expanding markets. The course draws on strategic management, the economics of technological change and R&D investments, and dynamic game theory, to address challenges faced by firms. Topics covered in class include the role of scale and scope economies; demand-based network externalities; the dynamics of pricing rivalry; industry evolution and R&D strategies; entry, exit, and market shake-outs; and sustaining competitive advantage.

**Prerequisite:** ECO 3101 or permission of instructor

**Grades:** Grades will be based on class attendance and exams. Grade weights will be approximately as follows: attendance 10 percent; exams 90 percent. The scores on the exams will be proportional to the materials tested.

**Class Attendance Policy:** Attendance at all class sessions is expected. Please inform me in advance if you will miss class for interviews or similar professional obligations. Please inform me if you missed class due to illness. The use of laptop computers or cell phones (texting) is not allowed in class.

**Make-up exam policy:** A make-up exam will be given to students who missed the regular exams due to illness or other (justified) reasons. Written documentation must be provided by a student regarding the reason for missing the exam date.

**Exam date:** TBA. All exams will be given in class and the last one will be given on the last day of the lecture.

**Textbook:** David Besanko, David Dranove, Mark Shanley, Scott Schaefer, *Economics of Strategy*, 7th Edition, John Wiley and Sons, 2010. (Designated as “BDSS” below)- Required.

## **COURSE OUTLINE**

### **1. Economic Foundation**

Review of Economic Principle (BDSS, Chapter 1)

Boundaries of the Firm (BDSS, Chapter 2-3)

Integration (BDSS, Chapter 4)

#### **QUIZ #1**

### **2. Competitive Analysis**

Competition (BDSS, Chapter 5)

Entry and Exit (BDSS, Chapter 6)

Competing Across Time (BDSS, Chapter 7)

Industry Analysis (BDSS, Chapter 8)

Jared Harris, Ming-Jer Chen, Gregory Fairchild, R. Edward Freeman, S. Venkataraman, Jenny Mead, "Competing for Advantages: From Industry Analysis to Competitive Dynamics", HBS Note, Jan 11, 2010.

Michael Porter, "Note on the Structural Analysis of Industries", HBS note, Jun 30, 1983.

Adam Ganz, Andrew Gone, Keith Nedell, LJ Bourgeois, "Note on the Impact of Industry And Firm Factors on Firm Profitability: An Analysis of the Fortune 1000 (1996 – 2004)", HBS, Nov 25, 2008.

Helmut Dietl, Susanne Royer, Uwe Stratmann, "Value Creation Architectures and Competitive Advantage: Lessons from the European Automobile Industry", HBS, May 1, 2009.

#### **QUIZ #2**

### **3. Strategic Positioning**

Strategic Positioning for Competitive Advantage (BDSS, Chapter 9)

Information and Value Creation (BDSS, Chapter 10)

Sustaining Competitive Advantage (BDSS, Chapter 11)

Peter J Coughlan, "Competitor Analysis: Anticipating Competitive Actions." HBS, Feb 28, 2002

Julie Wulf, "Alibaba Group", HBS case 9-710-436, Apr 26, 2010.

Ming-Jer Chen, Leslie E Grayson, "Competitive Dynamics: Competition as Action-Response." HBS, 2005.

Joel E Urbany and James H Davis, "The Dynamics of Customer Value and Competitive Advantage", HBS, Jan 21, 2011.

**QUIZ #3**

**4. Internal Organization (if time permits)**

Performance and Incentives (BDSS, Chapter 12)

Strategy and Organization (BDSS, Chapter 13)

**QUIZ #4**