



INTRODUCTION TO INDUSTRIAL ORGANISATION

INDUSTRIAL ORGANISATION...

... is the branch of economics that is concerned with **Markets**:

- Consumers and how they demand goods and services
- Firms and how they compete for market power
- Market outcomes
- Welfare and Competition Policy

Focus typically on just one product/service without interaction with labour/other factor markets.

CONTENTS OF THIS COURSE: MARKET POWER



CONTENTS OF THIS COURSE: PRODUCT DIFFERENTIATION AS A SOURCE OF MP



INTRODUCTION

CONTENTS OF THIS COURSE: MARKET ENTRY



TECHNISCHE
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DARMSTADT



CONTENTS OF THIS COURSE: ADVERTISING

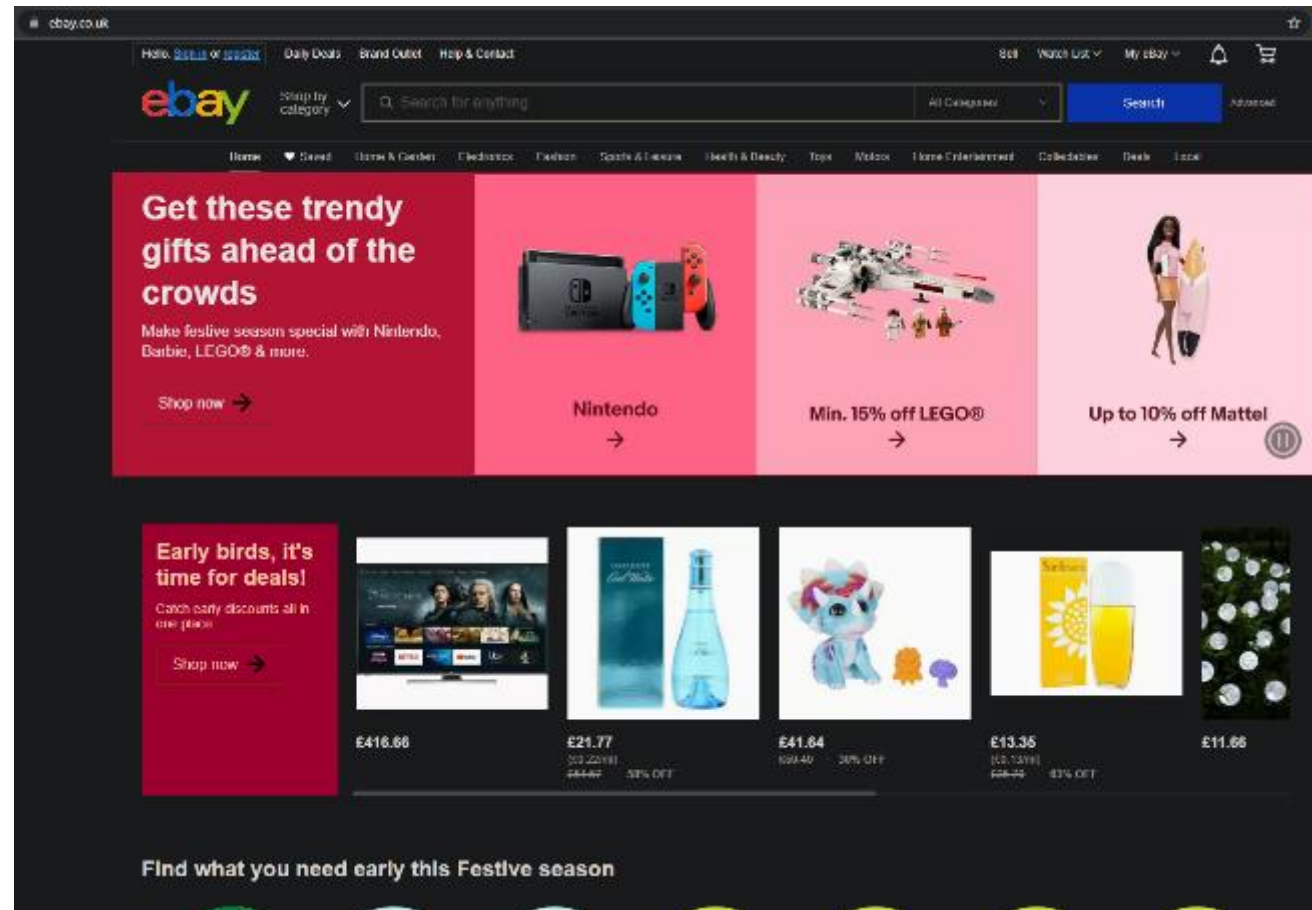


Brand	Calories	Carbs (g)
Bud Light	110	6.6
Miller Lite	96	3.2

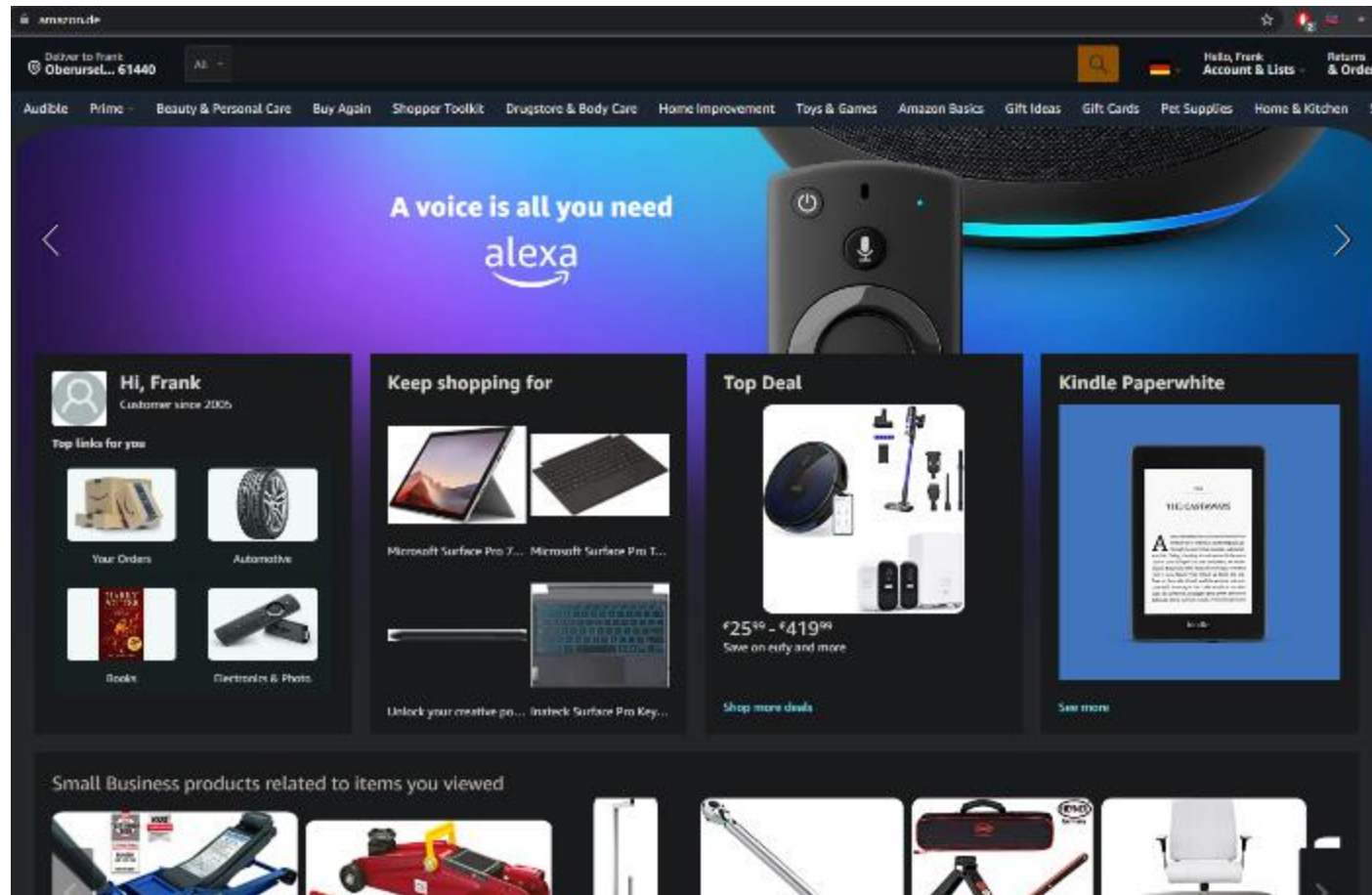
BUD LIGHT: MORE CALORIES. MORE CARBS.
MILLER LITE: MORE TASTE.



CONTENTS OF THIS COURSE: STRATEGIC PRICING



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CONTENTS OF THIS COURSE: STRATEGIC PRICING

London - Frankfurt/Main

	Mon 25.10.21 not available	Tue 26.10.21 not available	Wed 27.10.21 from 307.62 GBP	Thu 28.10.21 from 286.62 GBP	Fri 29.10.21 from 187.52 GBP	Sat 30.10.21 from 135.92 GBP	Sun 31.10.21 from 135.92 GBP
Sort: <input type="text" value="Number of stops"/>			Economy		Business		
06:30 - 09:05 LHR - FRA 0 Stop(s) 1h 35min			LH821 Operated by Lufthansa	from 208.62 GBP	from 502.12 GBP		
07:30 - 10:05 LHR - FRA 0 Stop(s) 1h 35min			LH823 Operated by Lufthansa	from 208.62 GBP	from 502.12 GBP		
08:30 - 11:05 LHR - FRA 0 Stop(s) 1h 35min			LH825 Operated by Lufthansa	from 208.62 GBP	from 502.12 GBP		
09:15 - 11:35 LCY - FRA 0 Stop(s) 1h 20min			LH829 Operated by Lufthansa Cityline	from 261.73 GBP	from 511.23 GBP 0 seats left for this price		
11:30 - 14:15 LHR - FRA 0 Stop(s) 1h 35min			LH865 Operated by Lufthansa	from 138.92 GBP 4 weeks left for this price	Sold out		
15:30 - 18:05 LHR - FRA 0 Stop(s) 1h 35min			LH869 Operated by Lufthansa	from 208.62 GBP	from 502.12 GBP 0 seats left for this price		
19:20 - 21:40 LCY - FRA 0 Stop(s) 1h 20min			LH837 Operated by Lufthansa Cityline	from 261.73 GBP	from 511.23 GBP 3 seats left for this price		
06:00 - 11:40 LHR - VIE 1 Stop(s) 4h 40min VIE - FRA			OS 458 Operated by Austrian Airlines OS 129 Operated by Austrian Airlines	from 259.62 GBP	from 565.62 GBP		
08:50 - 12:00 LHR - MUC 1 Stop(s) 4h 10min MUC - FRA			LH 483 Operated by Lufthansa LH 103 Operated by Lufthansa	from 259.62 GBP	from 595.92 GBP 7 seats left for this price		
08:25 - 13:15 LCY - ZRH 1 Stop(s) 3h 50min ZRH - FRA			LX 451 Operated by Helvetic Airways LX 131/2 Operated by Helvetic Airways	from 311.13 GBP	from 563.13 GBP 0 seats left for this price		

CONTENTS OF THIS COURSE: COMPETITION POLICY

Bloomberg

US Edition ▾

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Technology

Microsoft's \$69 Billion Activision Deal in UK's Crosshairs

- UK's CMA to open in-depth merger probe of gaming deal
- Says tie-up could lead to substantial lessening of competition



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October 27, 2021
6:56 PM GMT+2
Last Updated a year ago

India

India raids liquor companies in price fixing probe -sources

IDEAS MADE TO MATTER | PUBLIC POLICY

Calculating the damage of automakers' pollution collusion

by Kara Baskin | Sep 27, 2021



Hi everyone!

PROF. FRANK PISCH PHD

Chair of Microeconomics TU Darmstadt
PhD London School of Economics and Harvard
Assistant Prof. University of St. Gallen (CHE)

Research Interest:

- Production Networks
- Globalisation
- Market Power
- Firm Organisation
- Environmental Impact

Contact Details:

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- <https://sites.google.com/site/frankpisch/home>
- Office Hours: sign up via moodle

HOW WE WORK I

- All materials on moodle
- Lectures
 - Thursdays 16:15 – 17:55; see TUCaN for dates and rooms
 - All sessions are recorded and uploaded to moodle
 - Interaction is important!
- 3 voluntary problem sets incl. solutions available for each part
- Main Book
 - Belleflamme, Paul, and Martin Peitz. **Industrial Organization : Markets and Strategies**. Second edition. Cambridge: Cambridge University Press, 2015. Print.

HOW WE WORK II

- Written Exam
 - 16 February 2023, 16:00 – 18:30
 - Some calculations, some interpretation
- Office Hours
 - Can be virtual or in person

EXPECTATIONS AND LEARNING GOALS

After the course you will be able to...

- ...**remember and understand** the most common models of industrial organisation.
- ...**use standard language** found in market-oriented analyses within firms, by consultancies etc.
- ...**identify and analyse** the basic characteristics of markets and firm behaviour.
- ...**evaluate** the welfare impact of shocks to market structure and propose remedies.
- ...**create** basic proposals for optimal firm behaviour in different circumstances.

BUT WE CANNOT DO EVERYTHING HERE...

- No developing your presentation skills...
- No new empirical methods, the course is about **ideas and their formalisation**
- We do work with applications as much as possible, but to understand them, we need a good grasp of mechanisms
- You will not learn any new maths, for sure – but that means you can focus on economics



Motto:

“Business School, but with Rigour”

OVERVIEW OF TOPICS I

1

Revision of microeconomic concepts

- Demand theory, theory of the firm, markets
- Game theory

2

Market Power

- Price/Quantity competition
- Dynamic aspects
- Discussions

3

Sources of Market Power

- Product differentiation
- Advertising and marketing
- Consumer inertia

4

Pricing Strategies

- Group pricing, personalised pricing
- Menu pricing
- Intertemporal price discrimination
- Bundling

OVERVIEW OF TOPICS II

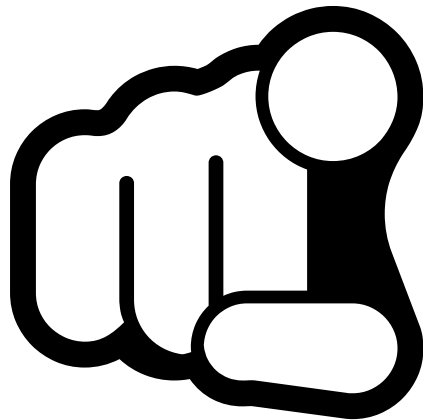
5

Competition Policy

- Cartels and tacit collusion
- Horizontal mergers, vertically related markets

6

Further Topics (unlikely)



AND NOW... OVER TO YOU!

Since we're so few, please introduce yourselves!

- Name (& nickname iff cool)
- Year/semester of study and programme
- Why you chose this course

... aaand go!