

# **Industry and Competitive Analysis**

Department of International Business

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In contrast to traditional microeconomics, industrial organization studies the firm's behavior under imperfect market conditions. This course provides students with an in-depth conceptual framework for understanding the fundamental determinants of competition in industries and the factors that shape the competitive success and failure of firms. This conceptual base is then applied to analyze firms' performance and the problem of strategy formulation at the business level as a basis of valuation.

This course presumes a working knowledge of microeconomics. It seeks to deepen the understanding of strategy formulation in individual industries through a wide range of analytical techniques for understanding and influencing industry competition and competitor behavior. Given the complexity of analyzing an industry, no single or few conceptual frameworks can give students a full understanding of the linkages among firms behavior and industry performance in an industry. In stead, we will use the case method as the fundamental learning tool so that students can apply the most basic economic concepts to approach the problems confronting them. The case method will train critical and creative thinking. We will hold a case week on Feb, 14-Feb 19 in order to force you to finish two case analyses in a 21 hour period to get a feeling of the intensity in the work place. Typically, one-third of the students will drop out in this case week. Please do not take the course if you cannot endure this intellectually challenging week.

This course is taught in English and therefore all class discussions, class assignments and case write ups should be in English. Students need to demonstrate a good command of English before they can take this course. In addition, the instructor of this course does not hold the responsibility for editing students' case write-up.

## **Grading**

Midterm Exam	30%
12 best case write-ups	60%
Class Participation	10%
	100%

## ■ Course Requirements

### ◆ Active and Meaningful Participation

Active participation, both in the class and in the group, is an essential element of learning experience. Meaningful participation means making a contribution to the intellectual conversation among your classmates. You are expected to actively listen to the opinions of your classmates and share your constructive opinion with us. The best participation is to pinpoint the blind spots of the discussion and show how do you think outside the box to solve the problems in the cases. Our interest is not “right” or “wrong”, it is whether you have made a contribution to the development of the issues under study by the class (group), and whether you have moved the class (group) forward. Failure to participate penalizes you and the class in several ways: you deprive all of us from your insights into the class, you lose the chance to learn from others, and eventually you will lose incentives to learn from the course. To prevent this scenario from occurring, one should actively follow the course schedule, read cases and required readings before the class, and handle groupware efficiently and effectively. In addition, it is your duty to clarify any point of confusion, either those coming from the process or from our communications.

Your participation score will share 10% of your final grade, a significant portion of overall performance. In order to provide an unbiased judgment on your participation performance, I will ask you (1) to fix your seating choice by the second week, (2) to have a visible name card putting on your table throughout the semester, and (3) to inform me **in advance** if you are not able to join the case discussion for whatever reasons, as cold-calls will be conducted throughout the class discussion.

Since good science is good conversation, please make sure you express your ideas clearly to others and ask whenever you feel confused. To guide effective participation, our class will evaluate participation performance based on the following five criteria.

- ☛ *Active Listening*: Is the participant a good listener?
- ☛ *Relevant Discussion*: Are the points made relevant to the discussion? Are they linked to the comments of others and to the themes that the class is exploring together?
- ☛ *Value-adding Inquiry*: Do the comments add to our understanding of the situation? Do they cut to the core of the problem? Is there a willingness to test new ideas?
- ☛ *Constructive Questioning*: Is there a willingness to challenge the ideas that being expressed in a constructive manner?
- ☛ *Integrative Conversation*: Does the participant show efforts of integrating cases, readings, or theoretical arguments learned from past classes?

## ◆ Group Assignments

Learning through group dynamics plays a critical role in our course execution. You are assigned to a study group. The group is responsible for **16 case write-ups** throughout the semester. No late case write-up will be accepted. We shall detail each element in the class.

### 1) Case Write-ups (CW)

Case discussion has traditionally been a vital learning instrument in Business Schools worldwide. Case method provides an arena for bridging theoretical framework with reality as over half of management problems cannot be solved by theoretical models alone. Cases also provide us valuable learning experience of exploring the logic underlying critical managerial decisions. Along with the session subjects, this course selects ten HBS cases for discussion. The contents of these cases reflect a balanced blending of types of industry, countries of origin, and stages of corporate development. One common feature of these cases is that each has distinct industry and strategic decision issues to be resolved.

#### ● Group Tasks on Case Assignments:

Each group has to read the cases and discusses the central questions concerning the cases. Every group has to turn in 16 case write-ups through the whole semester.. To accommodate possible poor performance in the initial stage, I encourage you to try to practice case write-up earlier. No matter how many case write-ups you turn in, I will count the best 12 but **Cases 9 and 10 will definitely be counted.**

Case write-ups have to be **wordprocessed**, with reasonable line space and fonts(12), and **signed by team members** before turning in. Since report length does not necessarily reflect its quality, please limit your CWs within **ONE page each**, excluding necessary appendices. You should take this as a goal to consolidate your thinking and present your arguments in a concise and precise manner. The write-up should represent the consensus of the group. Please remember that peer evaluation will be conducted at the end of the semester and is part of your final grade. Finally and most importantly, all assignments are due by the date of case discussion. **No late case write-ups will be accepted** and for the sake of maintaining fairness for the class, no excuses.

#### Required Text:

Carlton, D., and J. Perloff, *Modern Industrial Organization*, Glenview, IL: 4th  
Adison-Wellsley and Company, 2005, Taiwan Representative: 雙葉書局

#### Recommended Texts:

1. Scherer, F. M., and D. Ross, *Industrial Market Structure and Economic*

*Performance*, 3rd Edition, Boston: Houghton Mifflin Company, 1990.

2. Brock, James and Walter Adam,, ed., *The Structure of American Industry*, (11th ed.) Prentice Hall 雙葉書局

### **Tentative Schedule**

**2/14 All students who intend to take this course need to email to TA at [venicy@gmail.com](mailto:venicy@gmail.com) before 2/10 with your name, class, major, and gender.**

**We will meet at Room 102 Management Building I on 2/14 9 am for the first session.**

#### **Session 1**

##### **Introduction to industrial organization**

**Cost behavior and marginal analysis**

**Readings: C&P Chapter 2 pp. 11-20, pp. 29-48**

**Study groups assigned**

#### **Session 2 Traditional industries I**

##### **Case 1: The Aluminum Industry**

**The Investment Project in South Africa Aluminum**

##### **Case 2: The world oil and gas industry**

#### **Session 3**

##### **Traditional Industries II**

##### **Case 3: DeBeers: Consolidated Mines**

##### **Case 4: Sweco**

#### **Session 4 High-Tech Industries**

##### **Case 5: Samsung**

##### **Case 6: Hulu**

#### **Session 5 Financial Industries**

##### **Case 7: The Hedge Fund Industry**

##### **Case 8: Subprime Meltdown**

#### **Session 6: TBA**

#### **Session 7 The SCP Paradigm and the determinants of market structure**

**Readings: C&P Chapter 1 p. 4. Chapter 8**

**Session 8 The SCP Analysis**

**Session 9 Game theory and oligopolistic market**

**Readings: C&P Chapter 6**

**Du Pont's Titanium Dioxide Business cost function is due**

**Session 10 Oligopolistic interaction I**

**Readings: C&P Chapter 11**

**Case 9: Du Pont's Titanium Dioxide Business, write-up is due**

**Session 11 Entry and entry deterrence strategies**

**Readings: C&P Chapter 11**

**Session 12**

**Case 10: The Bitter competition: The Holland Sweetener Co. vs. Nutrasweet (A)**

**Session 13**

**Midterm Exam**

**Session 14 Internet Economics**

**Readings: TBA**

**Session 15: Internet Cases:**

**Case 11: Google Inc.**

**Case 12: Microsoft Search**

**Session 16 Vertical Integration and vertical restrictions**

**Readings: C&P Chapter 12**

**Session 17 Service Industries**

**Case 13: Airborn Express**

**Case 14: Capital One**

**Session 18**

**Case 15: Apple 2010**

**Case 16: HTC 2009**

