



# Strategic Entry Deterrents

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## Agenda

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- Retaliations
- Methods
- Uncertainty
- Interconnection
- Vertical Integration
- Controls

## Retaliation

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- Threat of Retaliation is key
- Methods

## Methods

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- Pricing/Limit pricing
- Over-capacity/capitalization
- Cost-reducing R & D
- Preemptive patents
- Advertising
- Product differentiation
- Raising rival's cost

## Methods

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- Uncertainty/lack of Information
  - ▶ Preemptive lower prices

## Interconnection

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- Effective Competition (where?)
- Separation of Markets

### **Controls**

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- **Separation**
- **Interconnection Regulation**

### **Vertical Integration**

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- **Beneficial in some cases**
- **Optimal Price of Interconnection**

### **Networks/Vertical Integration**

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**This is not complete (nearly so), but I thought it might be useful sooner rather than later.**

**Jim**