

## Econ 8216/4210: Industrial Organization

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Have you ever wondered where tools like Porter's Five Forces or the BCG Advantage Matrix come from? Or have you wished for more precise methods of determining the optimal amount of advertising or research and development. Industrial Organization is the study of the underlying mechanisms of markets, industries, and firms. Many of the tools that you've used in other business courses weren't developed by managers or marketers, they were developed by IO economists.

In this class we will cover firms and industries from first principles. This is a theoretical course with some very un-theoretical implications to your life and future business ventures. Oftentimes seemingly strange behavior makes a lot of sense. In this class we will use your economic knowledge, a bit of calculus, a bit of psychology (behavioral economics) and a whole lot of game theory to answer perplexing questions like:

1. Why do some firms bundle products while others do not
2. Why do some firms buy up their supply chain while others do not
3. Why do some firms provide products that few people buy (hint: it is often about selling their other products or keeping out competition)
4. What is the role of path dependency in technology markets (e.g. iPhone and Apple Watch)
5. When can being an uninformed consumer result in *lower* prices

Course topics will include: market structures, market imperfections, differentiation, price discrimination, multi-product production, multi-platform pricing, advertising, the ideal mix of product characteristics, R&D, patents, market failure, supplier relationships, the role of information and much more.

The course concludes with a consulting project where your group will leverage your IO knowledge and research skills to help a real organization. Past clients include Stedman's Cafe, Mon Qua, and MavStartups. This is not like group projects you've had in previous classes: these are real organizations looking for advice. For instance, Stedman's Cafe is an IO client every year. Many of the policies and procedures that you see at the cafe are a result of suggestions they have received from past groups. Similarly, an IO group was able to validate Mon Qua's pricing through a willingness-to-pay study. Finally, the Fall 2019 MBA speaker, Nancy Hughes (StoveTeam International), was brought out to Omaha as a result of an IO consulting project.