



Course and Examination Fact Sheet: Autumn Semester 2018

8,256 | 9,266: The Economics of Strategy

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Decentral - Written examination (75%, 90 mins.)

Decentral - Active participation (10%)

Decentral - Group examination paper (all given the same grades) (15%)

Attached courses

Timetable -- Language -- Lecturer

[9,266,1.00 The Economics of Strategy](#) -- Englisch -- [Gärtner Dennis](#)

Course information

Course prerequisites

The target audience for this course are master's students in management or economics with a strong interest in connecting microeconomic theory and the theory of industrial organization with business practices. To learn effectively from this course, students must have passed an undergraduate course in microeconomics, game theory or introductory industrial organization. Specifically, the course makes use of basic tools in game theory and basic calculus (the "first-order approach" to maximization).

Course content

- What are the pros and cons of differentiating my product from my competitor's product?
- What is the economic role of advertising, and when is it reminiscent of an arms race (so a ban would benefit all)?
- Why and when does it make sense to sell different goods in "bundles"?
- Why is popcorn so expensive at the movies?

This course uses a microeconomist's toolkit to analyze various facets of business strategy and marketing in particular, thus familiarizing students with modern industrial organization from a business strategy perspective. We analyze the role of imperfectly competitive markets for corporate decisions, and firms' responses to changes in the market environment. We discuss pricing and advertising strategies, and we deal with applications in two sided markets. A particular emphasis shall be given to recent topical issues relating to the digital economy.

The course ultimately enables and encourages students to use tools from microeconomic theory to tackle topics in business strategy, so as to offer a fresh and different view on various classical topics in business economics. As such, the classically trained economics student will learn intriguing new fields of application for standard economic theory, whereas the classically trained management student will learn to deal with very familiar business questions from a fresh methodological angle. Either way, the interdisciplinary nature of this course encourages "thinking outside of the box".

Course structure

This course is usually offered in every fall term.

The course is built around individual chapters of the book by Belleflamme and Peitz (see course literature below). Most lecture sessions will consist in reviewing and discussing individual topics/chapters. These lecture sessions will be augmented by two or three separate sessions in which we discuss problem sets to be handed out to you beforehand.

A preliminary list of topics/chapters to be treated includes:

1. Static imperfect competition



2. Product differentiation
3. Advertizing and related market strategies
4. Consumer Inertia
5. Group pricing and personalized pricing
6. Menu pricing
7. Bundling
8. Marketing tools for experience goods
9. Markets with network goods
10. Strategies for network goods
11. Digital Content Strategies

The definite schedule will be announced in class and published on StudyNet.

Course literature

Belleflamme and Peitz (2015), Industrial Organization: Markets and Strategies, Cambridge University Press

Additional course information

--

Examination information

Examination sub part/s

1. Examination sub part (1/3)

Examination time and form

Decentral - Written examination (75%, 90 mins.)

Remark

--

Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

none

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/3)

Examination time and form

Decentral - Active participation (10%)

Remark



--

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

3. Examination sub part (3/3)

Examination time and form

Decentral - Group examination paper (all given the same grades) (15%)

Remark

--

Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2015), *Lern- und Arbeitsstrategien* (11th ed., 4th printing). Aarau: Sauerländer).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018), *Juristisches Arbeiten: Eine Anleitung für Studierende* (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

Examination content

Lecture slides, individual notes, book chapters, problem sets and solutions (as published/announced via StudyNet by the last day of lectures).

Examination relevant literature

Lecture slides, individual notes, book chapters, problem sets and solutions (as published/announced via StudyNet by the last day of lectures).



Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc. When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 23 August 2018
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 15 October 2018
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 05 November 2018

Please look at the fact sheet once more after these deadlines have expired.