Special Topics in Management Theory:  
Market Entry

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If you plan to take this course, or plan to come “shopping” to the first class, please send the instructor an e-mail. Required readings for the first class will be sent to you via e-mail.

Course Description

This course will survey the literature on market entry, broadly defined. In essence, the theme of market entry provides a thread to draw together a variety of important papers in strategic management and related fields of economics and organizational sociology. Topic areas to be covered include: industry evolution, advantages of incumbents versus entrants, disruptive technology, entrepreneurship and spinoffs, first-mover advantages, entry barriers, strategic entry deterrence, real options, determinants of market structure, and . Moreover, since market entry essentially defines the scope of established firms, we will briefly visit topics that fall within the domain of corporate strategy, including diversification, vertical integration, international expansion, and choice of entry mode.

Obviously, in a 10 week course it is impossible to cover this vast range of topics in detail. The relative emphasis on the various topic areas will depend, in part, on student interest. Therefore, I will set the final structure of the course after the first class session on January 8.

Course Requirements

Students are to demonstrate mastery of basic concepts covered in the course through active participation in class discussions, in-class presentation of assigned articles, writing a sole-authored term paper exploring some aspect of this syllabus, and by making a presentation on the paper-in-progress.

Class participation

Every week, each student will be assigned to present a required reading to the class. To prepare, the student will write a two page memo, consisting of: 1) a summary of the article, 2) a brief critique of the article, and 3) a discussion of unanswered questions and future research directions. Assigned students are expected to bring enough copies of the memo for each member of the class.

In addition to the presentation of assigned readings, students are expected to read all the required readings prior to coming to the class and actively engage in class discussions.
Term paper

In addition to the weekly presentations, all students will be required to pick one of the seminar topics and prepare a 10 to 20 page paper. The paper should review some aspect of the literature (going beyond the assigned readings), identify unresolved or controversial issues, and propose a research strategy to deal with these. I must approve the topic ahead of time, and you need not limit yourself to a narrow interpretation of the issues covered in the course. This written assignment is intended to help you to find thesis topics and to prepare for the field exam. The last session of this course will be devoted to the presentation of the in-progress term paper.

Course Evaluation

The course grade will be weighted as follows:

- Class participation and presentation of assigned readings 50%
- Term paper and presentation of paper-in-progress 50%

COURSE TOPICS AND READING LIST

WEEK 1

1. BASIC FACTS ABOUT ENTRY


2. INDUSTRY EVOLUTION

Overviews


**WEEK 2**

**Theoretical Models**


**Empirical Studies**


**Organizational Ecology Perspective**

(For a brief introduction, see: http://en.wikipedia.org/wiki/Organizational_ecology)


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**WEEK 3**

**3. DISRUPTIVE TECHNOLOGY / PRODUCT GENERATIONS / INCUMBENTS VS. ENTRANTS**


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**WEEK 4**

4. ENTREPRENEURIAL vs. ESTABLISHED FIRMS (including spinoffs)


Natarajan Balasubramanian, "Incumbent-Entrant Asymmetries and Learning by Doing," working paper.

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**WEEK 5**

5A. ENTRY AND MOBILITY BARRIERS (readings below optional)


5B. STRATEGIC ENTRY DETERRENCE (readings optional except Smiley,1988; Lieberman,1987)


**Excess Capacity / Investment**


**Niche Filling**


**Reputation and Predation**


**Learning Curve**


**Switching costs**

**Incumbent Reactions – Strategic Substitutes and Complements**

Fudenberg and Tirole AER 84


6. **ENTRY AND MARKET STRUCTURE**


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**WEEK 6**

**7. WELFARE IMPLICATIONS** (Excess Entry, Efficiency)


**8. REAL OPTIONS AND ENTRY**


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**WEEK 7**

**9. AGGLOMERATION OF ENTRY IN SPACE AND TIME**


**10. FIRST-MOVER ADVANTAGES**


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**ENTRY BY ESTABLISHED FIRMS**

**WEEK 8**

11. Diversification


Optional: Villalonga, "Diversification Discount or Premium?" *Journal of Finance* 2004


WEEK 9

12. Vertical Integration


Note: International Market Entry not covered except for book excerpt

WEEK 10

13. Mode of Entry: Acquisition vs. Internal Development vs. Alliance


14. Corporate Entrepreneurship


15. Other Issues – Multimarket Contact