

Questions for the Breakfast Cereal Case

For "The Breakfast Cereal Industry: the 1972 Antitrust Complaint":

1. How would you establish the validity of a claim that a firm was engaging in product proliferation as means to deter entry?

For "Product Proliferation and Preemption":

2. Suppose that firm A is the only firm in the market and it anticipates no entrants in the future. How many products should A introduce and where should these be positioned?
3. Suppose that a potential entrant, firm B, decides to enter the market with a single product. Given A's strategic choice above, should B enter and, if so, where should it position itself?
4. Now suppose A were to introduce two products before B's entry into the market. By suitably positioning these products, can A make B's entry unprofitable? Is it worthwhile for A to do so?
5. Next suppose that firms can withdraw products from the market. How does this affect your answer to question 4 above?