



Activity Report

Chair of Microeconomics and Industrial Organization II

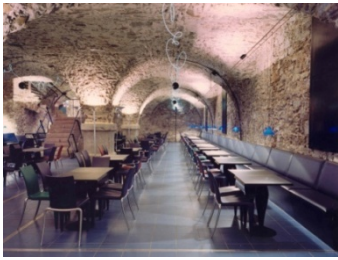
September 1, 2013 – August 31, 2014

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1 Preface



The chair of Microeconomics and Industrial Organization II was established in April 2011. During the first 16 months of its existence, it was a stand-alone chair associated with a so-called research professorship. Since June 2012, the chair and the chair of Microeconomics and Industrial Organization I (Prof. Dr. Jürgen Weigand) have merged to the Institute for Industrial Organization. For the ease of exposition, we will provide separate Activity Reports. The team of the chair of Microeconomics and Industrial Organization II is completed by Tim Paul Thomes who acts as a research and teaching assistant.

Parallel to its integration into the WHU teaching program in economics, the main focus of the professorship is on research activities. The areas of research are industrial organization and competition policy with a particular focus on two-sided markets and vertical market relationships.

Chairholder



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2 Teaching



2.1 Courses

Bachelor of Science

Microeconomics II

The course built on the course “Microeconomics I” and presents detailed studies on different basic topics in microeconomics that are important for business students. The course is lectured in two groups. The topics covered are general equilibrium analysis, oligopoly theory, game theory, issues of asymmetric information---e.g., moral hazard and adverse selection---and the economics of externalities and public goods.

2 SWS – 3.0 ECTS

Bachelor Theses

Supervision of two Bachelor Theses titled “First- and Second-Mover Advantages: Theoretical Considerations and Empirical Findings” and “Should Exclusive Contracts be a Matter of Concern for Competition Authorities?”, written by Shikha Ahluwalia and Katharina Stiglbrunner, respectively.

Master of Science

Strategic Competition

This course is the only mandatory course in the Master of Science Programme. It covers a broad range of topics on competition and pricing tools that familiarizes business students with how competition in the market emerges and plays out and what are tools for firms to increase their profits. The detailed topics covered in the course are product differentiation, both horizontal and vertical, network effects, collusion, bundling, and the competitive effects of exclusive dealing arrangements, all associated with case studies.

2.5 SWS – 4.0 ECTS

2.3 Research Seminar in Economics (FORSEM)



In close cooperation with all members of the Economics Group at the WHU a research seminar with the following presentations was organized. The chair contributed to this seminar by inviting several speakers, for example, 2 out of 3 speakers in the fall semester 2013 and 6 out of 8 in the spring semester 2014. The speakers invited by the chair are in the following marked with a star *.

2.3.1 Fall Semester 2013

- **Oliver Gürtler** (University of Cologne)
“The Optimality of Heterogeneous Tournaments”
- **Christian Seel*** (University of Maastricht)
“The Value of Information in Asymmetric All-Pay Auctions”
- **Dennis Gärtner*** (University of Bonn)
“Corporate Leniency in a Dynamic World: The Preemptive Push of an Uncertain World”

2.3.2 Spring Semester 2014

- **Andras Niedermayer*** (University of Mannheim)
“Foreclosure Auctions, Two-Sided Private Information, and Securitization”
- **Sebastian von Engelhardt*** (University of Jena)
“Market Power in Internet Search Markets: The Google Case”
- **Armin Schmutzler*** (University of Zurich)
“Incomplete Information and Honesty in Relational Contracts”
- **Tobias Wenzel*** (University of Dusseldorf)
“Shrouding Add-On Information: An Experimental Study”
- **Thomas Lontzek** (University of Zurich)
“The Cost of Delaying stochastic and Abrupt Climate Change”

- **Heiko Karle*** (Technical University of Zurich)
“Loss aversion and Consumption Choice: Theory and Experimental Evidence”
- **Simon Cowan** (University of Oxford)
“Welfare Increasing Third-Degree Price-Discrimination”
- **Eberhard Feess*** (Frankfurt School of Finance)
“Risk, Probability Weighting, and Gender in Betting Markets”

3 Research Activities: Publications, Cooperation and Presentations



In its research activities the professorship analyzes theoretical aspects of industrial organization and competition policy. The focus is hereby on modern industries like e-commerce and newspaper markets. During the period covered by this report, the research activities resulted in several working papers, both by Markus Reisinger and Tim Paul Thomes, which are currently in the referee process. The following papers have been published or have been accepted in the academic year under consideration in this report.

3.1 Publications in Refereed Journals

Reisinger, Markus, "Two-Part Tariff Competition between Two-Sided Platforms", *European Economic Review*, Vol. 68 (2014), 168-180.

Reisinger, Markus, Ludwig Rössner, Richard Schmidtke, and Tim Paul Thomes, „Crowding-In of Complementary Contributions to Public Goods: Firm Investment into Open Source Software", *Journal of Economic Behavior and Organization*, Vol. 106 (2014), 78-94.

Loertscher, Simon and Markus Reisinger, "Market Structure and the Competitive Effects of Vertical Integration", *RAND Journal of Economics*, Vol. 45 (3) (2014) 471-494.

Englmaier, Florian and Markus Reisinger, "Biased Managers as Strategic Commitment", *Managerial and Decision Economics*, 35 (59) (2014), 350-356.

3.2 Referee Activities

Throughout the academic year, Professor Markus Reisinger served as a referee for the journals (in chronological order)

- Review of Network Economics
- *Economica*

- Economics of Governance
- International Journal of Industrial Organization (5x)
- Journal of Industrial Economics (4x)
- Bulletin of Economic Research
- Berkeley Electronic Journal of Theoretical Economics (4x)
- Review of Economic Studies
- Oxford Economic Papers
- European Economic Review
- Berkeley Electronic Journal of Economic Analysis and Policy
- Economic Inquiry
- Journal of Economics
- Journal of Public Economic Theory (2x)
- RAND Journal of Economics
- American Economic Review
- Journal of Mathematical Economics (2x)
- Journal of Economics and Management Strategy

In addition, he acted as a reviewer for the Netherlands Science Foundation (NWO) and the German-Israeli-Science Foundation (GIF).

Markus Reisinger is also an Associate Editor of the *Journal of Industrial Economics*.

Dr. Tim Paul Thomes served as a referee for the journals (in chronological order)

- Journal of Cultural Economics (2x)
- Journal of Media Economics
- Telecommunications Policy

3.3 Presentations

Markus Reisinger

Markus Reisinger presented the working papers “Either or Both Competition: A “Two-Sided” Theory of Advertising with Overlapping Viewerships” (with Attila Ambrus and Emilio Calvano), “Indirect Taxation in Vertical Oligopoly” (with Martin Peitz), “Crowding-In of Complementary Contributions to Public Goods: Firm

Investment into Open Source Software” (with Ludwig Ressner, Richard Schmidtke, and Tim Paul Thomes), “Interchange Fee Regulation and Service Investments” (with Hans Zenger), “Market Structure and the Competitive Effects of Vertical Integration” (with Simon Loertscher), and “Vertical Integration, Foreclosure, and Production Shifting” (with Emanuele Tarantino) at the following conferences and seminars:

- Verein fuer Socialpolitik, Annual Meeting, Dusseldorf, September 2013.
- GEABA, Annual Meeting, Magdeburg, September 2013.
- University of Regensburg, Research Seminar, October 2013.
- UECE Meetings, Lisbon, November 2013
- Norwegian School of Economics, Bergen, November 2013
- BECCLE Seminar, University of Bergen, November 2013
- University of Maastricht, Research Seminar, December 2013
- CESifo Area Conference on Applied Microeconomics, Munich, February 2014
- Mannheim Centre for Innovation and Competition Policy (MaCCI) Conference, Mannheim, March 2014.
- Technical University of Zurich (ETH), Brown Bag Seminar, March 2014.
- Invited Speaker Young Researchers’ Workshop of the SFB/TR 15, Mannheim, April 2014.
- Frankfurt School of Finance and Management, Research Seminar, June 2014
- European Association for Research in Industrial Economics (EARIE) Conference, Milan, August 2014.

He also gave discussions at the Industrieökonomischer Ausschuss of the Verein fuer Socialpolitik, Hamburg, February 2014, and at the ICT Conference in Mannheim, June 2014.

3.4 Awards

- Markus Reisinger obtained a *Certificate of Excellence in Reviewing* from the *International Journal of Industrial Organization* in recognition of an outstanding contribution to the quality of the journal.

3.5 Community Outreach Activities

- Markus Reisinger served as external reviewer in the recruiting procedure for professorships at the Universities of Wurzburg and Bamberg.

4 Connections to the Business Community and to Institutions



Markus Reisinger is an external member of the Graduate School “Competition Economics” of the University of Dusseldorf (2.35 Mio Euros). It was funded by the German Science Foundation in May 2014.

5 PhD Thesis



In March 2014, Tim Paul Thomes handed in his doctoral thesis “Microeconomic Aspects of Industries Based on Intellectual Property: Music Streaming Services, Open Source Software and Patent Intermediation”. He defended the thesis in June 2014. The PhD thesis received the best grade 1.0 (summa cum laude).

6 Sustainability



In many of the courses taught by Markus Reisinger in the academic year 2013-2014, sustainability considerations were of particular relevance. For example, in the Bachelor of Science course “Microeconomics II”, a chapter was devoted to external effects with a special emphasis on environmental issues and how to regulate producers whose output does damage to the environment. Likewise, in the Master of Science course “Strategic Competition”, long-term consequences of economic decisions for firms and the society were analyzed and discussed.