OTHER METHODS TO RAISE RIVALS' COSTS

- DIRECT METHODS
  - LOBBYING SUPPLIERS OF THE COMPETITORS TO ↓ QUANTITY AND/OR ↑ PRICE OF INPUTS
  - RUINING THE COMPETITORS' REPUTATION. (UNETHICAL)
- INTERFERENCE THROUGH GOVERNMENT REGULATIONS
  - ENVIRONMENT REGULATIONS
  - CARBON TAXES
  - CITY PLANNING REGULATIONS
- RAISE SWITCHING COSTS
  - IN THE PAST, WE CANNOT TRANSFER OUR PHONE NO. FROM, LET'S SAY, DTAC → AIS OR TRUE
- TIE-IN OF OTHER PRODUCTS

  EX: PRINTER & TONER

  IPHONE & ADAPTOR
- RAISE WAGES OR OTHER INPUT PRICES

  EX: AUTOMOBILE INDUSTRY IN THE U.S. & LABOR UNION.

ADVANTAGE OF ENTRANTS

- THE ENTRANT MAY CHOOSE TO ENTER ONE OF THE GEOGRAPHICAL/PRODUCT MARKETS TO AVOID RIGOROUS COMPETITION.
- INCUMBENT MAY DEVELOP "A FIGHTING BRAND" TO COMPETE.

WELFARE IMPLICATIONS

- {PREDATORY PRICING / LIMIT PRICING} MAY/MAY NOT INCREASE WELFARE.

IF IT LEADS TO → PRICE REDUCTION ✓, THEN WELFARE ↑
→ MORE COMPETITION ✓
→ MORE VARIETY OF GOODS AVAILABLE ✓
→ MORE QUALITY OF PRODUCT (VIA R&D) ✓

PRODUCT (VIA R&D) ✓

IF IT LEADS TO "LESS COMPETITION", THEN WELFARE ↓.
"HIGH MARKET POWER"
"SUBOPTIMAL AMOUNT OF GOOD"