

Leaders and Competitors

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Abstract

The purpose of this article is to investigate the strategic activity of the leader in a market with endogenous entry. In a market with barriers to entry, the structure of the competitors affects the leader's decision. In contrast, when entry is endogenous, the leader's decision is independent of the structure of the incumbent competitors: the number of the incumbent competitors, their technologies, and their objective functions. We provide several applications of our main result to industrial organization issues

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