Strategic Brand Proliferation: Monopoly vs. Duopoly*

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Abstract

The purpose of this paper is to investigate the possibility that market competition may encourage one of the firms to proliferate his brand. To show it, using Multi-Product Firm (MPF) model, we compares the incentive under monopoly with the one under duopoly. We find that if firms compete in quantity and provide close substitutes, one of the firms may want to proliferate his brand more aggressively under duopoly than under monopoly. Since the goods provided by the Multi-Product Duopolist do not act as substitutes but complements each other. Such a result is contrary to the consequence of Judd [RAND J. Econ 16 (1985) 153].

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