

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].

JEL classification: L13; D43

Keywords: brand proliferation, Multi-Product Firm (MPF), product substitutability, substitutes and complements, Cournot competition

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