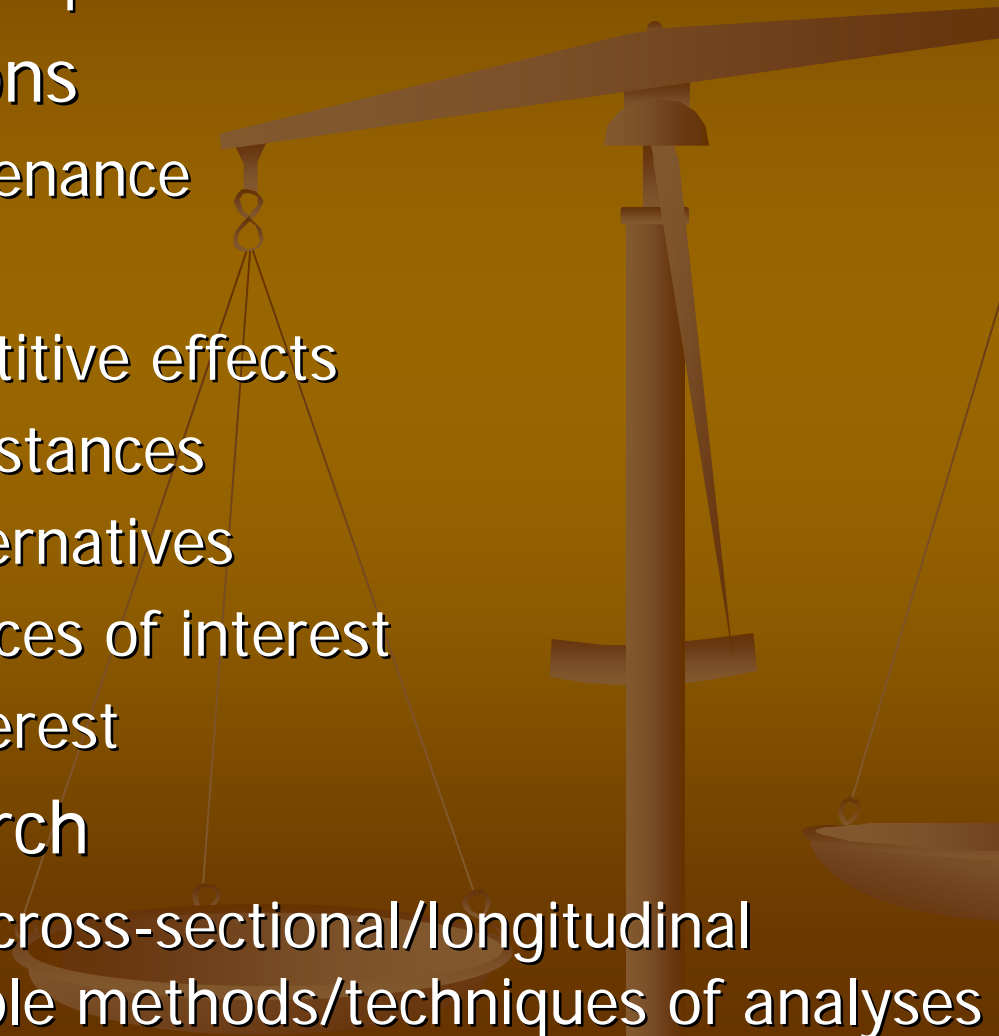




Resale Price Maintenance After *Leegin*: Topics and Questions for Research

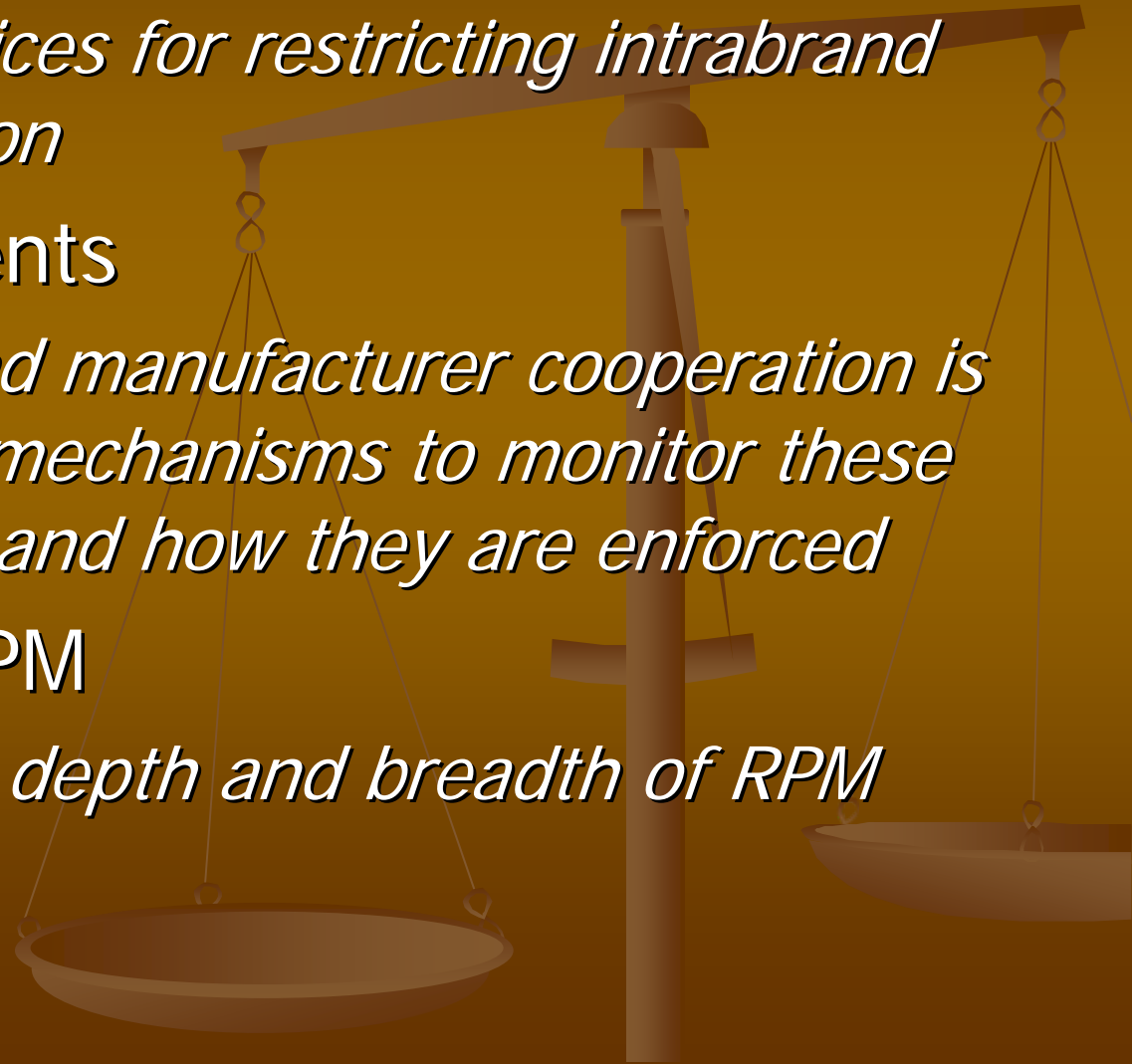
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Overview

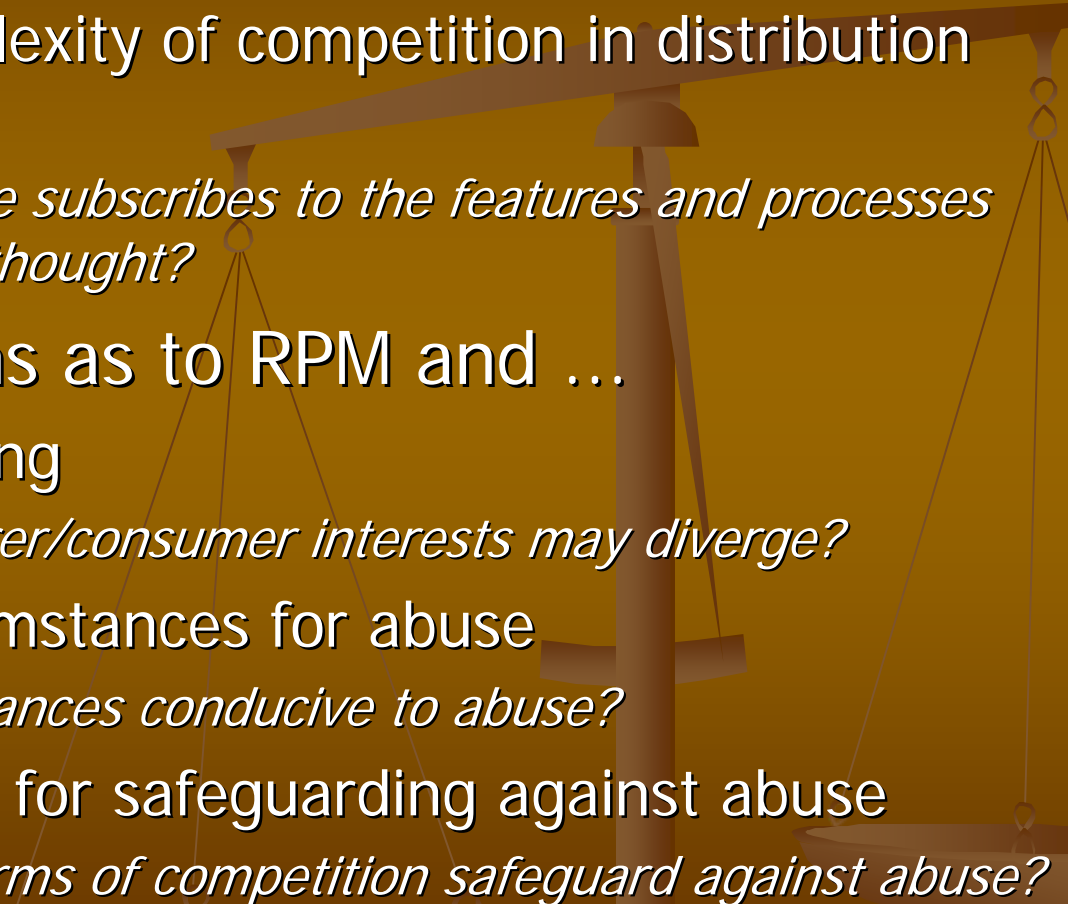
- Objectives
 - "Survey" topics and questions
 - Topics and questions
 - Resale price maintenance
 - Schools of thought
 - Theories of competitive effects
 - Antecedent circumstances
 - Less restrictive alternatives
 - Special circumstances of interest
 - Other topics of interest
 - Approach to research
 - Different designs, cross-sectional/longitudinal approaches, multiple methods/techniques of analyses
- 

Resale Price Maintenance

- "RPM" practices
 - *Family of practices for restricting intrabrand price competition*
- RPM arrangements
 - *How retailer and manufacturer cooperation is accomplished, mechanisms to monitor these arrangements, and how they are enforced*
- Frequency of RPM
 - *Changes in the depth and breadth of RPM post-Leegin*

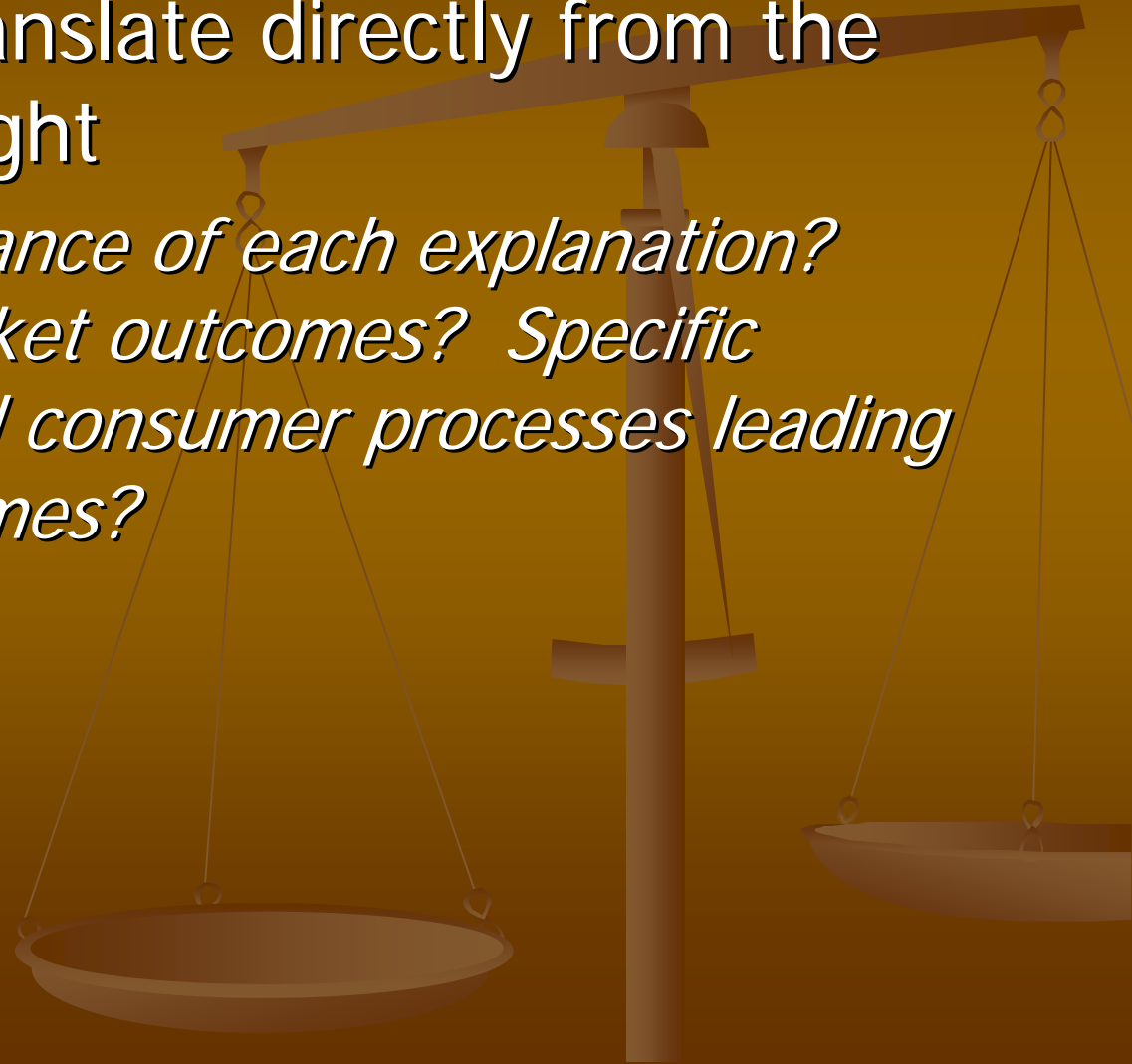


Schools of Thought

- Two perspectives toward RPM
 - Treatment: Complexity of competition in distribution and retailing
 - *Extent marketplace subscribes to the features and processes of each school of thought?*
 - Varying conclusions as to RPM and ...
 - Interests in adopting
 - *Extent manufacturer/consumer interests may diverge?*
 - Likelihood of circumstances for abuse
 - *Extent of circumstances conducive to abuse?*
 - Competition forms for safeguarding against abuse
 - *Extent differing forms of competition safeguard against abuse?*
- 

Theories of Competitive Effects

- Explanations translate directly from the schools of thought
 - *Empirical relevance of each explanation? Aggregate market outcomes? Specific managerial and consumer processes leading to these outcomes?*



Theories of Competitive Effects

■ Procompetitive explanations

- *Nature and authenticity of problems? Frequency and impact of their occurrence? Effectiveness of RPM in solving problems? Theoretical challenges to explanations?*

- Exp: Special promotional services w/free riding

- *How do manufacturers obtain the patronage of retailers to invest in special point-of-sale promotional services? Is the provision of these services significantly jeopardized by free riding? Does RPM solve manufacturers' problems in obtaining the support of their retailers with respect to special point-of-sale promotional services? Does RPM safeguard these services from free riding? What issues challenge RPM's effectiveness in solving these problems?*

■ Special interest for research

Theories of Competitive Effects

- Anticompetitive explanations
 - *How is RPM adopted, compelled or otherwise employed to suppress competition? How often? How detrimental are the results? Theoretical challenges to explanations?*
 - Exp: Dampened interbrand competition
 - *How do manufacturers view the use of RPM by other manufacturers? Do they see it as a commitment by the manufacturer and its retailers to a certain price that they will not deviate from? What is the nature and extent of this commitment? How do manufacturers react to the commitment of other manufacturers to RPM? Do they raise their prices as a result of the manufacturer's commitment? How often does this occur? How detrimental is it to consumer welfare? What issues challenge the use of RPM in this way?*
- Special interest for research

Antecedent Circumstances




- Circumstances leading to RPM
 - *Starting point: Theories of competitive effects*
- Procompetitive applications
 - *Basis of principal-agent problems and factors that impact manufacturer solutions to them*
- Anticompetitive applications
 - *Circumstances leading to collusion, exercise of market power, and independent effects*

Less Restrictive Alternatives

- Alternatives (less restrictive of competition than RPM) for encouraging and securing promotional services otherwise jeopardized by principal-agent problems
 - *Identification of alternatives? Comparative restriction of competition? Effectiveness in solving problems? Costs of implementation and management?*
 - "Classic" alternatives
 - Trade promotion
 - *Promotional allowances: Differing types*
 - Other alternatives
 - *Branded variants*
- 

Special Circumstances of Interest

- Internet retailing
 - Innovative platform for retailing
 - *Nature of Internet/Internet retailing and interplay with RPM?*
 - "Widening" and "deepening" of markets
 - *Implications for interbrand and intrabrand competition?*
 - Distinction of Internet retailing and established retailers and free-rider justifications for RPM
 - *Applicability of distinctions? Validity of free-riding justification? Identification of free-rider?*
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Special Circumstances of Interest



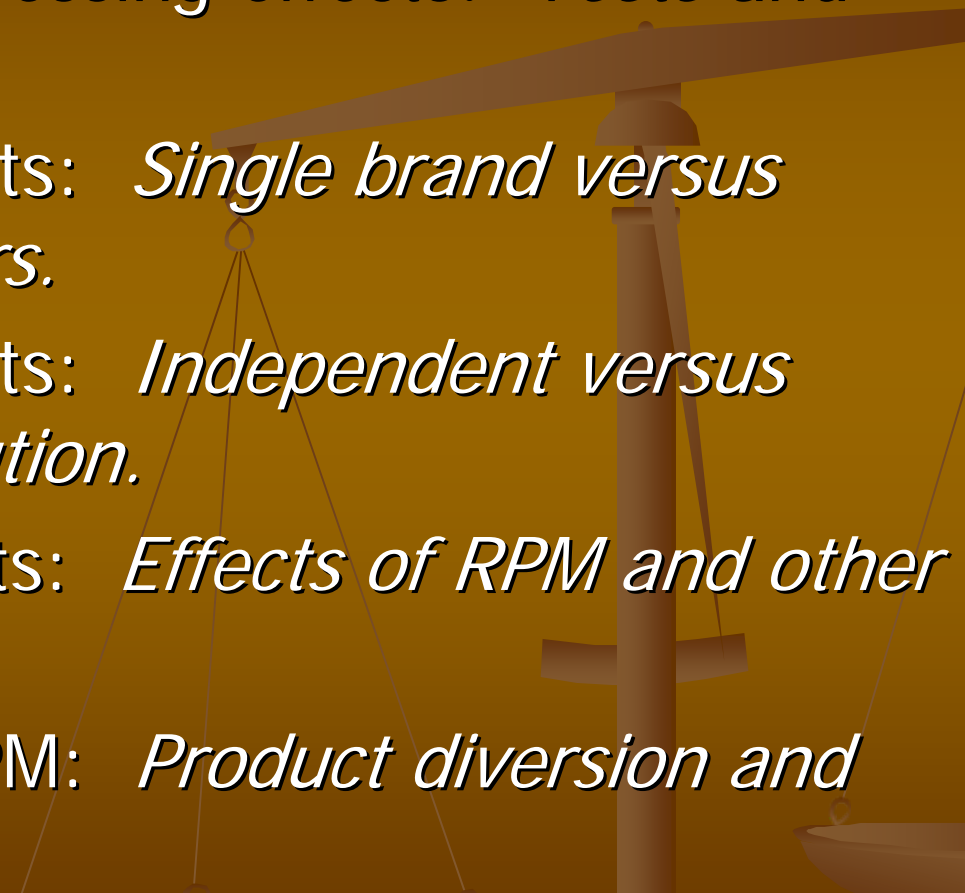
■ Dual distribution

- Manufacturer sells through more than one channel of distribution to reach same end-users
 - Exp: Independent retailers and manufacturer-owned stores

■ Schools of thought

- Key: Extent manufacturer and consumer interests diverge due to manufacturer's retail role
 - *Motivations for dual distribution and use of RPM?*
Circumstances and degree a manufacturer's role and interests as a retailer impact its decision to adopt RPM?
Does manufacturer's role as retailer demonstrate its ability to avoid retailer abuse of RPM? Role of manufacturer-owned outlets in safeguarding against this abuse?

Other Topics of Interest

- Measuring and assessing effects: *Tests and criterion.*
 - - Moderating effects: *Single brand versus multibrand retailers.*
 - - Moderating effects: *Independent versus integrated distribution.*
 - - Interaction effects: *Effects of RPM and other restraints.*
 - - Subversion of RPM: *Product diversion and arbitrage.*
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