

Meet-the-competition clauses and the strategic disclosure of product quality

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B E JOURNAL OF ECONOMIC ANALYSIS & POLICY

Volumen: 16, Número: 4

DOI: 10.1515/bejeap-2016-0140

Fecha de publicación: OCT 2016

Resumen

I examine the implications of meet-the-competition clauses (MCCs) for the strategic disclosure of product quality in a duopoly in which sellers can adopt these clauses before setting their prices. I show that MCCs generate incentives for the disclosure of product quality because these clauses facilitate monopoly pricing in states of nature in which the quality of products is the same. This suggests that MCCs may encourage the disclosure of information because sellers can use them to coordinate their pricing decisions based on the information revealed through disclosure.

Palabras clave

Palabras clave de autor: Meet-the-competition clauses; Disclosure; Competition

KeyWords Plus: PRICE-MATCHING GUARANTEES; COLLUSION; POLICIES