

# “Nonlinear Pricing with Asymmetric Competition” (in English)

**Date:** 4 May 2015 (Monday)

**Time:** 4:30 pm - 6 pm

**Venue:** WYL102, Dorothy Y. L. Wong Building

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## Abstract:

This paper provides an alternative explanation for the prevalence of nonlinear pricing mechanisms (e.g., various conditional rebates) in intermediate goods markets. We study a three-stage game with complete information in which a dominant firm offers a nonlinear tariff first and then a small rival firm offers a unit price, followed by a representative buyer making her purchase decision. We apply mechanism design techniques to characterize subgame perfect equilibria of the game and study the implications of the equilibria. The main messages of our analysis are that nonlinear pricing can arise in the presence of competition but in absence of private information, and that a dominant firm can use nonlinear pricing to restrict its rival's choices and profits and reduce the buyer surplus and possibly efficiency. Antitrust implications of our findings are further discussed.

## Biography:

Prof. Wong received his PhD in Economics from University of British Columbia in 2009 after his study in the Chinese University of Hong Kong for Bachelor and Master Degree. He has been an Associate Professor in Shanghai University of Finance and Economics since 2010. His research interests include Microeconomic Theory, Industrial Organization, Auction.

**All Are Welcome**

**For enquiry:26167381(Grazie)**