

The Benefits of Resale Price Maintenance

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Benefits Come from Interbrand Competition



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- No manufacturer will **ever** wish unilaterally to keep its margins high unless it sells **more** in consequence of those higher margins.

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The image is a screenshot of the Wendy's website. At the top, there is a navigation bar with links for Home, Food, News & Offers, Ads, Careers, Community, About Us, Investors, and Country & Language (set to US English). A search bar for Wendy's ZIP/Postal Code is also visible. The main content area features a promotional banner for "3 CONOMICS" sandwiches. The banner displays three sandwiches: Crispy Chicken Sandwich, Jr. Bacon Cheeseburger, and Double Stack™. To the right of the sandwiches, a text box reads "3 waaaay better sandwiches for just 99¢ each" and "At participating Wendy's". Below this, there is a link to "SEE OUR FULL VALUE MENU".

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- Per se illegal?
- Where's the dealer freedom?

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1 and 3 are free-rider stories, the others are not.



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Conclusion: Price effects of RPM do not provide basis for distinguishing between good (efficiency enhancing) and bad (anticompetitive) uses of RPM.



Output Effects: But-for World Difficult

- Vertical integration is the principal alternative.
- If retailer's recommendation is essential, why not have the retailer recommend its own brand?



Abercrombie & Fitch


macy's inc

Bert Tansky, Neiman Marcus CEO:

Mr. Tansky said that Neiman Marcus tried to do private label products, but “our customers prefer branded goods.” Still, he reiterated his intention—stated in the company’s last conference call—that Neiman’s will likely be dropping some vendors, and pressing surviving vendors for “uniqueness” in the form of exclusive merchandise.

Test for output effects



Basic test for efficiency v. monopoly

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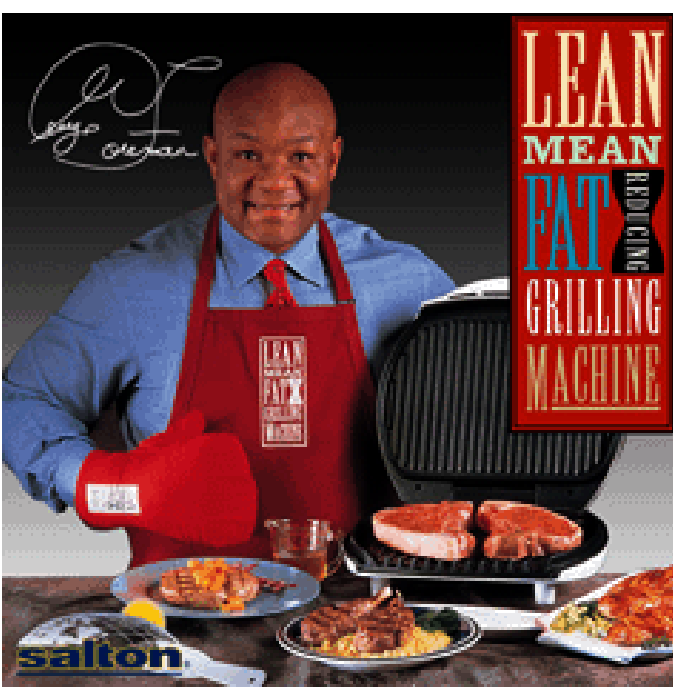
Did output go up or down?

Test for output effects

Basic test for efficiency v. monopoly

Did output go up or down? Problem with the test: may require an autopsy.





Why is this man smiling?

The Demise of Salton



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- Salton goes bust.
- Coincidence?

Here's the owner of the George Foreman brand:



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Notice anything?



Role for FTC



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- The plural of anecdote is data?