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1389 - RETALIATORY ENTRY: DETERMINANTS OF ENTRY AS A COMPETITIVE RESPONSE

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Thursday, June 22, 2017 - Slot 4 (09:00 - 10:30)

Business School Cathedral Wing - Room CW 305

Market entry has been considered as a retaliatory movement. Nevertheless, studies that analyze market entry often consider the entry into a rival's market as a competitive attack. Since actions and reactions are two different competitive movements, factors that determine entry as an attack may be different from those that lead to entering as a response. In this study, we center on retaliatory entry and we analyze how multimarket contact (MMC) between the attacker and the attacked firms and the competitive pressure that the attacker exert on the attacked firms determine this kind of entry. Moreover, we study how the competitive pressure of the attackers moderates the relationship between MMC and retaliatory entry. We test our hypotheses in the mobile telecommunications industry. The results confirm that MMC between the attacker and the attacked firms increases the likelihood of retaliatory entry. Additionally, we find that the greater competitive pressure of the attackers on the focal firm, the more likely the attacked firm is to make a retaliatory entry. However, our results do not show that the competitive pressure of the attackers moderates the relationship between MMC and retaliatory entry.

Keywords : Retaliatory entry; MMC; Competitive Pressure