



NEWSLETTER 2020-11

CALENDAR:

Departmental Seminar

Florian Ederer (Yale University):
Killer Acquisitions

Zoom-meeting

Monday, Mai 18
16:30-18:00

ABSTRACTS:

Departmental Seminar

Florian Ederer:

Killer Acquisitions

Abstract: This paper argues incumbent firms may acquire innovative targets solely to discontinue the target's innovation projects and preempt future competition. We call such acquisitions "killer acquisitions." We develop a model illustrating this phenomenon. Using pharmaceutical industry data, we show that acquired drug projects are less likely to be developed when they overlap with the acquirer's existing product portfolio, especially when the acquirer's market power is large due to weak competition or distant patent expiration. Conservative estimates indicate 5.3 percent to 7.4 percent of acquisitions in our sample are killer acquisitions. These acquisitions disproportionately occur just below thresholds for antitrust scrutiny.

Info: For further information such as the Zoom-meeting details please visit: www-vwl.ur.de/forschung

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Editorial deadline for Newsletter No. 2020-12:
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