

First mover Advantage (FMA) Lecture note

1. Assume firm intro's innovative product capturing above normal profits in short-term
2. Consumers "buy-in" to brand creates brand reputation [Bayer, Tabasco, Xerox, Ovaltine]
3. Firm able to generate above normal profits until competitors imitate, at which point early entrant engages in Rent-seeking to prevent competition
4. WI IPR Firm maintains super π , due to regulatory IPR rents

