

## Final, 106T, Lec 1: foursquare (HBS 9-711-418)

11:30-2:30, Mon 10<sup>th</sup> December 2012

### Instructions:

- You are allowed to bring in 10 single-sided pages of notes, and calculators.
- You can write on both sides of the paper, as needed.
- When answering, suppose you are an economic consultant hired by foursquare to advise them on their business. They are not economists, so make sure to explain all terminology.
- I advise you to first scan the questions, read the case thoroughly (with notes), and then answer the questions.

### Shorter Questions [5 points each = 35 points]

**Question A:** When a consumer is using foursquare, what features of the service give rise to (a) standalone utility, (b) same-side network effects, and (c) cross-side network effects?

**Question B:** In what part of the lifecycle is the location-based services industry? Justify your answer.

**Question C:** What is “Moore’s Chasm”? How is it relevant for foursquare?

**Question D:** What do venues get out of offering Specials?

**Question E:** What type of Specials can firms offer? What is the purpose of each type?

**Question F:** If foursquare wishes to make money from Specials, how should they charge venues?

**Question G:** foursquare is considering offering personal recommendations. What are the arguments for going ahead?

## Longer Questions [65 points]

**Question 1 [25 points]:** Is this a winner-take-all industry? What is foursquare's competitive position in the short and long run?

**Question 2 [20 points]:** How did foursquare mobilize users and later transition to a two-sided network?

**Question 3 [20 points]:** What are foursquare's sources of monetization? How significant are each of these sources?

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