

Microsoft adCenter (HBS 9-908-049)

Question 1: What are the comparative advantages of display and text ads? What types of products are better suited to each one?

Question 2: Prior to May 2006, Microsoft used Yahoo's ads. Why did it set up adCenter?

Question 3: It is convenient to think of adCenter as a platform market with three sides: searchers, advertisers, and website publishers. Explain the same-side and cross-side network effects between these sides. Does Google's large share in the consumer search market help it in the ad business?

Question 4: What is second degree and third degree price discrimination? For each type, provide an example of how Microsoft adCenter could price discriminate between different advertisers or different publishers.

Question 5: How might Microsoft (i) horizontally and (ii) vertically differentiate themselves from Google. Would this be advisable?

Question 6: Given the current disadvantage Microsoft has in the Ad placement market. Discuss their strategies for mobilization.