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 themself from Google. Would this be advisable?

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