Microsoft adCenter (HBS 9-908-049)

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

2) Prior to May 2006, Microsoft used Yahoo’s ads. Why did it set up adCenter?

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?

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.

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

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