

*Temple University's Fox School of Business presents*

# A SEMINAR ON **ECONOMICS**

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**TUESDAY, FEBRUARY 21, 2017**

*10:00—11:30 AM*

**ROOM 505, ALTER HALL**

*TEMPLE UNIVERSITY*

## **STRATEGIC TECHNOLOGY ADOPTION AND ENTRY DETERRENCE IN THE U.S. LOCAL BROADBAND MARKETS**

**TEDI SKITI**

**PHD CANDIDATE, ECONOMICS**

**DUKE UNIVERSITY**

How does strategic investment affect entry of new technologies and market structure? In this paper, Skiti presents a model of strategic entry deterrence and study how internet service providers' interactions affect their technology deployment at local markets. The goal is to capture an important trade-off: cable firms adopt a new cable system to provide higher speeds, but the adoption has a preemptive effect on fiber firms' entry. Skiti collects and combines unique firm-level data on broadband technology deployment for New York State. He provides evidence of strategic investment by cable incumbents to deter fiber entry. Counterfactual scenarios suggest that the industry has experienced 16% excessive investment in cable adoption and 12% underinvestment in fiber entry both of which are explained by these deterrence strategies. In addition, subsidies to cable incumbents reduce fiber entry rate by 50%. Skiti also finds that policies that promote statewide entry mitigate the effects from these deterrence strategies and increase fiber entry rate by 30%. These results have wide implications for technology diffusion, quality provision and optimal subsidy policy in markets under entry threat.

Tedi Skiti is a PhD Candidate in Economics at Duke University. His research interests include Empirical Industrial Organization, Applied Microeconomics and Technological Innovation. His dissertation investigates the role of strategic investment in the diffusion of new technologies and incumbents' response to entry threat. During his PhD studies, Tedi received various grants and fellowships such as the NET Institute Summer Grant while he has presented his research at invited seminars and conferences such as the FCC and the International Industrial Organization Conference.