

STRATEGIC RESPONSE OF AN INCUMBENT FIRM IN IT INTENSIVE INDUSTRY: FEW REFLECTIONS

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In this paper, an attempt has been made to look at the strategic options available for an incumbent firm in an information technology intensive industry. The traditional Stackleberg Leader Follower model fails to hold in this industry since costs decline substantially over time, and the incumbent firm cannot maintain a dominant position in the industry. This paper makes an attempt to look at few strategic options available for an incumbent firm under these circumstances.

Keywords: Information technology intensive industry; Stackleberg model; strategic response.