

## **Taylan Yalcin**

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### **Education**

Harvard Business School, Boston, MA, 2006-Present  
D.B.A. candidate in Marketing, expected graduation date May 2012

Bilkent University, Ankara, Turkey, 2004-2006  
M.B.A.

Bilkent University, Ankara, Turkey, 1999-2004  
B.S. in Industrial Engineering

### **Working Papers**

“Complementary Goods: Creating and Sharing Value” with Elie Ofek, Oded Koenigsberg and Eyal Biyalogorski

This paper studies the strategic interaction between firms producing strictly complementary products. With strict complements, e.g., hardware and software, a consumer derives positive utility only when both products are used together. In our analysis we identify two important problems that occur when the products are developed and sold by separate firms (‘non-integrated’ development): value sharing (firms charge higher prices) and value creating (firms choose lower quality). On the other hand, an integrated firm is immune to these problems as it can internalize all the gains from its decisions on price and quality. However, it is not always possible for a single firm to have the skill and know-how to develop both hardware and software. The production of complements usually needs to be sequential and this distorts the quality decisions such that the second firm shirks in quality more than the first firm, securing a profit advantage. We also analyze the effects of various mechanisms and market structures such as royalty fees and competition on the interaction between complementors. If the first mover can mandate a royalty or licensing payment from the second firm for permission to produce a compatible product (as often occurs in hardware-software arrangements), the profit advantage flips: the first mover captures a larger share of value created via royalty fees, while the quality gap between the firms gets exacerbated. In other words, a royalty structure slightly mitigates the value creation problem but also slightly aggravates the value sharing problem. If a new player that develops its own hardware joins to the original firms, not surprisingly, the original hardware firm loses profit and the software firm’s profits increase. In contrast, when a new player joins when there is a royalty agreement between the original firms, there exists a win-win-win solution. The addition of a lower quality hardware firm alleviates both the value sharing and value creating problems.

“Competing for Consumers Online: Setting Optimal Advertising Strategies” with Elie Ofek

Online advertising industry has reached \$22.6 billion in the US in 2009. Two major categories of advertising online are sponsored links in search engines (47%) and display ads (35%). This paper analyses the optimal online advertising strategies of two rival firms that are differentiated in quality, in utilizing search engine and display ads.

There is one important aspect that differentiates online advertising from traditional offline advertising: online advertising is interactive. It has the ability to direct consumers to the advertiser's website, where they can get further information on offerings. On the other hand, it is important to note that this is a two sided blade. A consumer who is interested in a product that she sees in an online ad can also reach information on alternative products with just a few clicks. This observation shows that there is a potential effect of online ads on the consumers' browsing path. For instance a consumer that sees an online ad for a product can perform a search for an alternative product through a search engine. There is a literature stream that concentrates only on search engines as well as a literature stream that concentrates only on display ads. Most of these works are either empirical or behavioral which resulted in considerable amount of knowledge about each subject, but there is a shortage of theoretical pieces. Moreover, there is a gap in the literature in combining what we know about in each type of online ads. This paper aims to fill this gap by modeling two competing firms that advertise online and in result prescribing a unified strategy of advertising online. In order to do so, we assume that the consumers are unaware of the products and are informed through internet advertising only. The analysis reveals that online ads can create an asymmetry between the consumers' consideration sets and this situation results in reduced competition. In addition a low quality firm's profits may increase in its rival's advertising effectiveness. The analysis of the combined model is at a preliminary stage.

### **Work in Progress**

“Quality Decisions in Media Markets” with David Godes and Elie Ofek

Media firms operate in two-sided markets; they sell content to readers and sell advertising space to advertisers. Godes, Ofek and Sarvary (2008) show that media firms may charge higher content prices in a duopoly than in a monopoly. Their finding is in sharp contrast to regular one-sided markets where competition usually decreases product prices. The objective of this paper is to analyze the quality decisions in two sided markets. Should we expect to see that competition has an unusual effect in quality levels in two-sided markets or does competition have an effect similar to one-sided markets?

### **Publications**

Ekici E., Ercan F., Gunday O., Oguz Z. and Yalcin T. (2004). “Material Handling and Allocation System Design – MAN Turkey,” *Industry Projects 2004*, Ed. Sabincuoglu I. Yetis Kara B., p.73.

### **Work Experience**

Teaching Assistant, Bilkent University Department of Management, Ankara, Turkey, 2005-2006

Research Assistant, Bilkent University Department of Management, Ankara, Turkey, 2004-2005

Coordinator, Bilkent University Information Office for Prospective Students, Ankara, Turkey, 2004-2006

Senior Project, MAN Turkiye A.S., Ankara, Turkey, 2003-2004

Student Guide, Bilkent University Information Office for Prospective Students, Ankara, Turkey, 2002-2004

Intern, Efes Pilsen Malt and Brewery, Izmir, Turkey, 2003

Intern, Sarkuysan Copper, Kocaeli, Turkey, 2001

## **Honors and Awards**

American Marketing Association, Sheth Foundation Doctoral Consortium Fellow, 2010  
Top student of MBA class, Bilkent University Department of Management, 2006  
Full Scholarship, Bilkent University Department of Management, 2004-2006  
LES (Graduate Studies Examination), 8<sup>th</sup> in verbal, 17<sup>th</sup> in quantitative, 10<sup>th</sup> in weighted verbal and quantitative sections among 150,000 applicants, 2004  
Graduated with High Honors in Engineering, 2004  
Full Scholarship, Bilkent University Department of Industrial Engineering, 1999-2004  
OSS (Undergraduate Studies Examination) 309<sup>th</sup> in quantitative section among 1,200,00 applicants, 1999

## **Conference Participation**

“Competing for Consumers Online: Setting Optimal Advertising Strategies,” Summer Institute in Competitive Strategy, Berkeley, CA, July 2010 (Presented by co-author Elie Ofek)

“Competing for Consumers Online: Setting Optimal Advertising Strategies,” Marketing Science Conference, Cologne, Germany, June 2010

“Complementary Goods: Creating and Sharing Value,” Marketing Science Conference, Ann Arbor, MI, June 2009

“Complementary Goods: Creating and Sharing Value,” 9<sup>th</sup> Trans-Atlantic Doctoral Conference, London, UK, May 2009

Northeast Marketing Consortium, Boston, MA, September 2010

Northeast Marketing Consortium, Boston, MA, September 2009

Summer Institute in Competitive Strategy, Berkeley, CA, July 2009

Northeast Marketing Consortium, Boston, MA, September 2008

Summer Institute in Competitive Strategy, Berkeley, CA, July 2008

Northeast Marketing Consortium, Boston, MA, September 2007

Ph.D. Workshop in Theory-Rich Marketing Modeling, Durham, NC, June 2007