

Abstract: This study constructs a model of anticompetitive exclusive-offer competition between two existing suppliers. Although previous studies assume that one of the suppliers is a potential entrant, which cannot make an exclusive offer, we assume that all suppliers are existing firms. When suppliers compete imperfectly, the exclusive-offer competition reduces the supplier's profit for the case where it fails to exclude the rival supplier, which induces each supplier to make a better exclusive offer. We point out that this leads to an exclusion of the existing supplier even when there is no exclusion of the potential entrant.