

Market strategy and anti-trust regulation

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Market Strategy and Antitrust Regulation The diamond business had structural concerns due to a single firm's control of the industry. De Beers Company was the monopoly in the industry and created a deadweight loss situation, where it was impossible to achieve equilibrium, as it was the price setter (Thompson, Arthur, & Strickland, p. 12). The forces of demand and supply presently control the diamond sales in the industry.

The De Beers Company had a different market strategy before the year 1990 in comparison to the after years. It used a Market Segment Expansion Strategy before the year 1990. To be specific, the company targeted a large market through the Product Line Expansion Strategy. In explanation, the De Beers Company had an effective distribution channel and it influenced other companies to make sales through the distribution channel. This ensured that the company gained control of the product supply globally due to the consumer surplus, regardless of whether it produced the diamond. The company had an excess supply of diamond, therefore, controlling the prices of the commodity. After 1990, there were new sources of diamond in other countries that sold the product directly to the market without involving De Beers. This created a producer surplus situation and the company employed its resources to purchase diamond from the emerged sources, as a strategy to maintain its market share (Thompson, Arthur, & Strickland, p. 23).

The American courts had no jurisdiction to handle De Beers' case for defying the country's anti-trust regulations (Guide to Antitrust Laws). The company was not accountable for the diamond in the United States as the transfer of the title to the products occurred outside the country's boundaries. However, the De Beers Company decided to pay the penalties even though it was

under no legal obligation to make the payment. The justification is that it paid the fines in order to have the ability to enter the United States market to increase its sales.

Work Cited

" Guide to Antitrust Laws." Guide to Antitrust Laws. Web. 20 Nov. 2014.

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Thompson, Arthur A., and A. J. Strickland. Crafting and Executing Strategy: The Quest for Competitive Advantage : Concepts and Cases. 16th ed. Boston: McGraw-Hill/Irwin, 2008. Print.

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