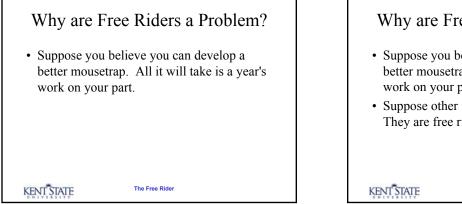


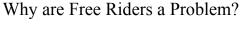


- A member of a club who goes to all club events without contributing to the club's annual fund drive or, even worse, not helping to clean up the mess after each party.
- Someone who markets a new product without paying royalties.

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The Free Rider





- Suppose you believe you can develop a better mousetrap. All it will take is a year's work on your part.
- Suppose other firms will copy your design. They are free riders.

The Free Rider

## Why are Free Riders a Problem?

- Suppose you believe you can develop a better mousetrap. All it will take is a year's work on your part.
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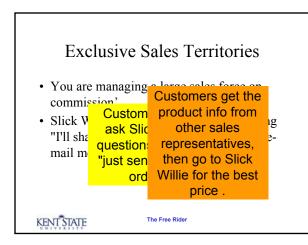
The Free Rider

• Why spend a year producing the better mousetrap?

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## Exclusive Sales Territories • You are managing a large sales force on commission.







## Exclusive Sales Territories

- Slick Willie is a free rider.
- The other members of your sales force will quickly adopt Slick Willie's tactics or they will die.

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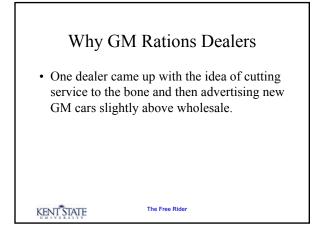
The Free Rider

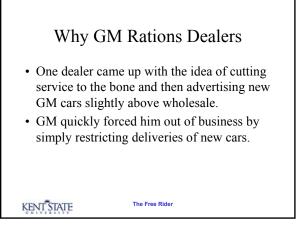
## **Exclusive Sales Territories**

- Slick Willie is a free rider.
- The other members of your sales force will quickly adopt Slick Willie's tactics or they will die.
- And so might you, for without a sales force promoting your product, your sales may well plummet.

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The Free Rider





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