

## Contents

Introduction	<i>page</i> 1
The Choice of Fabric	3
A Four-Part Pattern	4
Models of Competition	5
The Fake Clothes of Competition	5
Stripping Away the Trappings of Perfect Competition	7
<b>Part I Competition and Market</b>	<b>11</b>
1 Three Ski Lessons for Budding Economists	13
Lesson 1. There Are Good and Bad Monopolies	13
Lesson 2. Two Monopolies Are Worse than One	15
Lesson 3. Entry, Exit and Trickery	16
2 Containers Conquering the World	20
The Standard Container Is a Commodity	20
Roller-Coaster Price Fluctuations	21
Almost Perfect Competition?	22
The Case of CIMC	23
One Player Accounting for Half of Global Output	24
3 Casinos and One-Armed Bandits	26
What Price Gaming?	26
Competition and Price	27
Territorial Competition	28
The Race to Legalize Gambling	29
Spatial Competition Between Casinos	30

## viii • Contents

4	The Great Game of International Gas	33
	The World as It Was	33
	Bilateral Monopoly	34
	Gazprom Versus the EU?	36
	Or the EU Versus Gazprom?	37
	The Great Reconfiguration	38
	But Where Will All the Ships Go?	39
5	The Glamorous Shipping Market	41
	Bigger Container Ships	41
	Slower Container Ships	42
	Good Cartels to Avoid Destructive Competition?	43
	A Tale of Two Taxis	45
	Coalition and Conferences	46
6	Intermezzo: The Earth Is Not That Flat	48
	Testing Competition Theory Against Real Life	49
	Market Extension	50
	The Causes of Enlargement	52
	<b>Part II Competition and Differentiation</b>	<b>55</b>
7	Coca-Cola Versus Pepsi: The War Is Over	57
	Duel or Duopoly	57
	Competition Between Substitutable Goods	59
	Price, Switching Costs and Other Tools	60
	Innovation and Its Limits	62
	Less Intense Competition	63
8	A Cruise in a Gilded Cage	64
	A Captive Market ... That Floats	64
	Bigger and Bigger	65
	The Beauties of Yield Management	66
	What Is the Real Price?	67
	Profit in Add-Ons	67
9	Lego's Winning Game	70
	Demanding Toy Consumers	70

Contents • ix

Santa's Workshop in China	71
Growing Segmentation and Differentiation	72
A Matter of Positioning	73
<b>10 Breakfast Cereals Invading Space</b>	<b>75</b>
Few Players, Many Products	75
Competition Exerts Its Pressure in Space	76
Spatial Location and Corporate Strategy	78
Fast-Food Proliferation	80
<b>11 Four Wine-Economics Tasting Sessions</b>	<b>82</b>
Session 1. The Ordinary Economy of Plonk	82
Session 2. Is the Price of Wine an Indication of Its Quality?	84
Session 3. Why Does the Price of Wine Influence Our Satisfaction?	85
Session 4. Competition by Terroir and by Fraud	87
<b>12 Intermezzo: No End of Differentiation</b>	<b>90</b>
Competition Through Differentiation	90
Multi-Product and Multi-Variant Oligopolies	93
<b>Part III Competition and Innovation</b>	<b>99</b>
<b>13 Uberizing the Razor</b>	<b>101</b>
The Economics of Razors, a Textbook Example	101
Building a System on Incompatibility	102
Incumbent Innovation and Its Limits	103
Disruptive Innovation Bares Its Teeth	104
Gillette Counter-Attacks	105
<b>14 Coaches, BlaBlaCar and Trains</b>	<b>107</b>
On the Starting Line	107
An Adaptable, Modular Market	108
Entering the Race Is Very Expensive	109
Severely Selective Competition	111
The Hard Life of Long-Distance Car-Pooling	112

x • Contents

15	Apple Versus Google, Season One	115
	General-Purpose Technology, or the Path to Universal Adoption	115
	Complementary Innovation, or How to Take Advantage of an Innovative Neighbour	116
	Network Effects in Multi-Sided Platform Markets	117
	When a Market Tips in Favour of a Single Firm	118
	The Perils of Backing the Wrong Technological Horse	119
16	Apple Versus Google, Season Two	121
	Business Model, or How to Deliver Customer Value and Convert It into Profits	121
	Business Ecosystem, or the Interplay of Collaboration and Complementarity	122
	Differentiation, When Products Are No Longer Quite the Same	123
	Multi-Homing: Developing Competition Between Platforms	124
	When Apparent Economic Abundance Conceals Scarcity	125
	Tying to Make Two Products Inseparable	126
17	Super Mario Can Die, but like Nintendo He Has Several Lives	129
	Short, Brutish Cycles	129
	Temporary Monopolies	130
	The Infernal Game of Setting Prices	131
	Setting the Price of Consoles and Games	133
	Pricing Headaches	134
	Nintendo Resurgent	135
18	Intermezzo, on a Theme of Disruptive Innovation	137
	Schumpeter's View of Innovation and Competition	138
	Disruption and Uberization	141
	Uncertainties	145

Contents • xi

<b>Part IV Competition and Redistribution</b>	149
19 Bidding for Soccer TV Rights	151
The Well-Known Benefits of Auctions	151
But Is It Reasonable to Buy Rights?	152
Two Forces Driving Inflation	153
The Growing Appeal of Football, with Profits to Match	154
20 For and Against Fixed Retail Book Prices	156
The End of a Collective Agreement in Britain	157
Impact on Retail Network	158
Once Unchained, Prices Go Up and Down	159
21 Gyms Running on Empty	162
Club Goods	162
One-Year Subscriptions Are Key	163
Intention and Real Use	164
Segmentation	164
Tightening Up the Soft Underbelly	165
22 Phantom Economics at the Opera	167
An Opera House in Every City?	167
Local Monopoly, Global Competition	168
Rewarding Prestige	169
The Curse of Rising Costs	170
Revenue, Subsidy and Sponsorship	171
Price Discrimination	172
In Search of Blockbusters	173
Staging Less Costly Works	173
23 Uber, or Forget About Taxis and Drivers for a While	176
Various Issues Depending on the National Context	176
The Advantage for the Consumer	177
Price and Value	178
Pricing Innovation	179
What Is Behind the Price of a Ride?	180
Asymmetrical Sharing	181
A Global, yet Very Local Market	181
Competition in the Future ... with No Drivers	182

xii • Contents

24	Intermezzo on the Redistributive Effects of Competition	185
	Competition and Equality Between Consumers and Companies	188
	Competition and Inequality Between Companies	191
	Conclusion: The Changing Face of Competition Today	197
	The Same Factors Still at Work but More Forcibly	197
	More or Less Intense Competition?	200
	<i>Index</i>	206