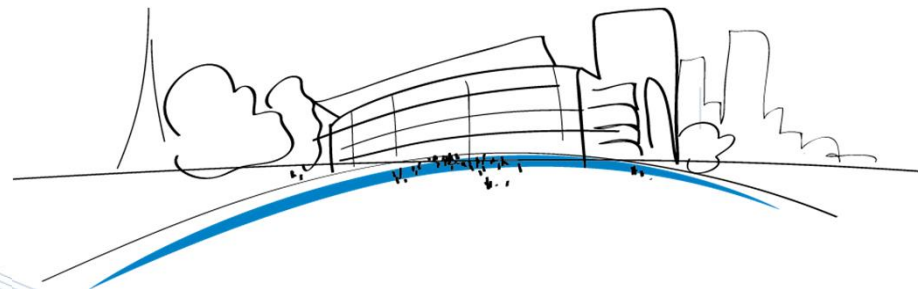
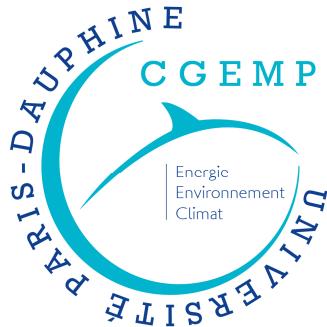


What barriers to entry for new energy businesses ?

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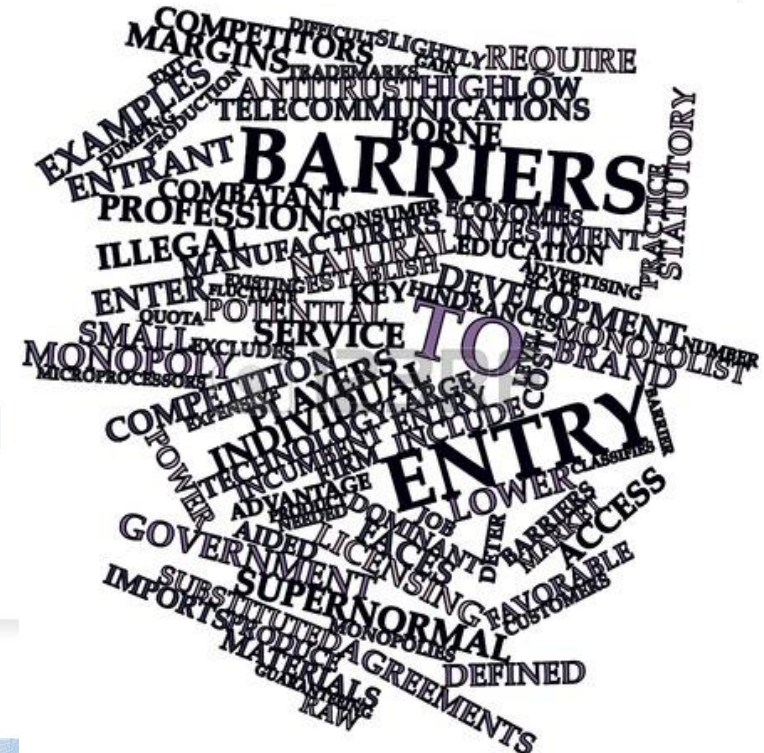
Goal and organisation

- “ Goal:
 - “ To present the concept of barriers to entry in economics

- “ Organisation :
 - “ Definitions
 - 1/ Role of entry barriers in Industrial Organization
 - 2/ Classification of entry barriers
 - 3/ Some current barriers to entry in the energy business

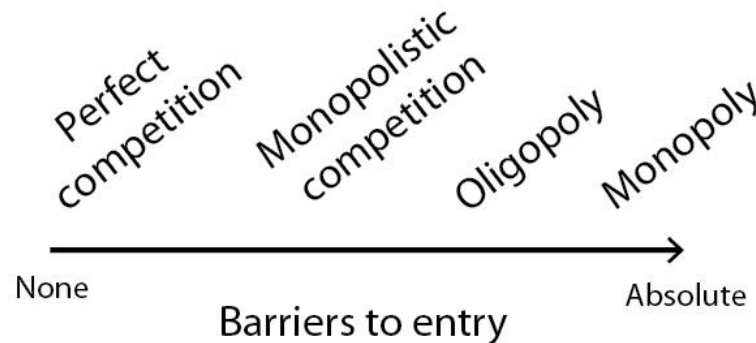
Introduction Barriers to entry - Definitions

- “ Many markets have at least some **impediments** that make it more difficult for a firm to enter a market.
- “ A **debate** over how to define the term “barriers to entry” began decades ago (Bain 1956, Stigler 1968...)
- “ The concept of entry barriers plays an important role in a wide **variety of competition matters**.



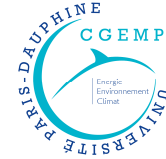
1- Entry Barriers in Industrial Organization

- “ In competitive market, firms will fight to gain and / or maintain their market share.
- “ Competition :
 - “ Downward pressure on price
 - “ Competition does not mean less quality.
- “ Entry barriers can both be viewed from the perspective of the entering firm and from the perspective of incumbent firms (Dixit 1979)
- “ Contestable markets (Baumol & al. 1982)



- “ “Desirable” entry barriers ? (Harrigan 1983, Geroski 1991, Burke & To 2001...)

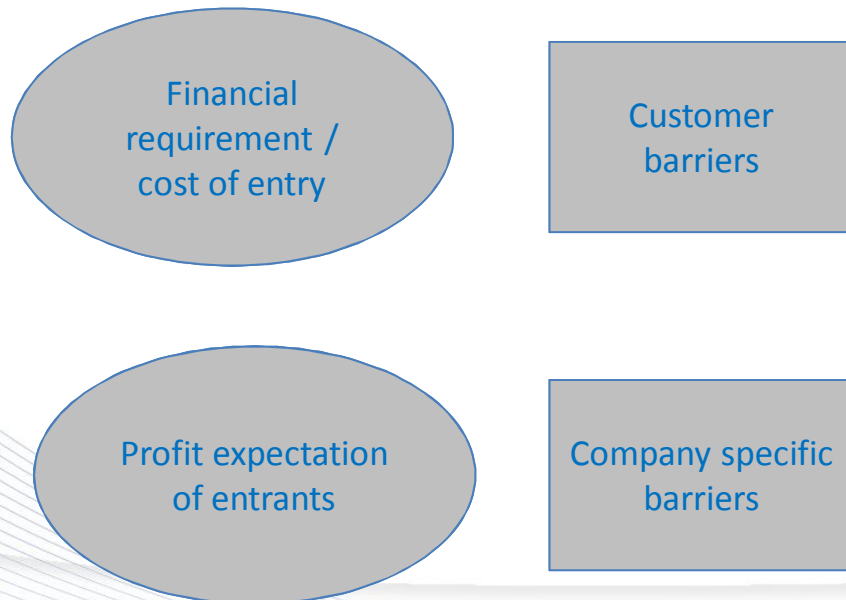
2- Classification and some examples



Structural entry barriers <i>= nature of the industry</i>	Strategic entry barriers <i>= incumbent 's aggressive action</i>
Economies of scale <i>(Bain 1956, Stigler 1968, Karakaya 2002)</i>	Predatory pricing <i>(Demsetz 1981, Milgrom & Roberts 1981)</i>
Experience advantages <i>(Spence 198, Lieberman 1987, Lutz & al 2010)</i>	Dynamic limit-pricing <i>(Bain 1956, Gaskins 1971)</i>
Asset specificity <i>(Williamson 1996, Shepherd 1997)</i>	Advertising – Brand name <i>(Krouse 1984, Netter 1984, Pehrsson 2009)</i>
Control over strategic resources <i>(Grant 1991, Shepherd 1997)</i>	Product differentiation <i>(Bain 1956, Schmalensee 1982, Shepherd 1997)</i>
Level of technology <i>(Karakaya & Stahl 1989)</i>	Vertical integration <i>(Williamson 1996, Shepherd 1997)</i>
R&D intensity <i>(Harrigan 1981)</i>	Customer loyalty scheme <i>(Robertson & Gatignon 1991, Pehrsson 2009)</i>
Legal protection and regulation <i>(Porter 1980, Hall 1992)</i>	...
...	5

3- Entry barriers in new energy business

- “ Not all entrants are alike
- “ Some firms will earn revenues based on the value of services they deliver to customers and the environment
- “ **Several barriers limit “third-party” participation :**



For example :

- “Type of revenues
- “Electricity rates
- “Lack of customer data
- “Stickiness of customers
- “Concentration of sellers

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