Competition, Oligopoly, Barriers and Searching Up New Markets: Do Smartphones Win the Battle to Digital Cameras?

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ABSTRACT

This paper deals with the mobile technology as a new competitor in some hitherto quite closed markets. Particularly, digital photo camera market was until now widely focused into a few multinational firms, operating in international oligopolistic markets. The mobile smartphones technology leads to use the same device for quite different issues. Although the purpose of most consumers when buying this kind of articles, is to use it for its main use, that is to say, for voice communication, step by step new applications and uses are being discovered as very useful. Even when mobile phone devices are not so good as the original devices for a particular use, they have a very important advantage: all in one, it means that if consumers are able to have several different uses with the same device, they probably choose this option than the “best quality” one provided for a lot of different devices, with much better results, because those better results are inevitably linked to the need of bearing several devices, which is not very comfortable. Moreover the “just in time” or “in situ” needs, can be covered for some devices which are not always in the hands of users. Then a new branch of competition linked more to immediacy than to the quality arises, particularly for youngest. This paper provides a theoretical based survey on market and competition theory, to understand some key points for explaining the smartphones success as a competitor in digital camera market. Results have shown that mobile cameras not only have started to compete with digital cameras unexpectedly, breaking established barriers in traditional oligopolies, but also they are one step ahead.

Keywords: Competition, Established Barriers, Market, Oligopoly, Smartphones

1. INTRODUCTION

Economic Theory points four main market structures: the perfect competition, the monopolistic competition, the oligopoly and the monopolistic market. The barriers are an important issue to adequately determine the type of dominant structure (Figure 1). Barriers are any form of impediment to becoming a new competitor in the market. These barriers can be linked to
production features, to a patent owning, to a legal framework, etc. (Krugman & Wells, 2006). Usually competition is undertaken among more or less quite similar firms which are selling similar goods or services, that is to say, the competition scenario is “horizontal”. All firms are trying to get the best position facing buyers’ desires of purchasing. Usually the good is fairly well bounded, even in the case that firms could provide similar or different products (which are attending the same necessity). In the framework of perfect competition, firms cannot influence the price of its product because take the price as given by market conditions, but when there is a difference (even a very small one) there is a potential influence on prices.

Traditional oligopoly markets are protected by established barriers. There are only a few sellers and the actions of each seller in the market can have a large impact on the profits of all the others (Mankiw, 1998). However, what happens if a very close substitute of this good or service appears from an unexpected source? Will the established barriers operate?

In this paper authors suggest a reflection about the way how mobile technology is getting an important market share of the photo-camera market, because of the increasing use of mobile technology, provided by smartphones. The difference among those different markets and the main comparative advantages of each one is pointed out in Section 2, hypothesis are established in Section 3 and some supporting data are provided in Section 4. Finally, results and conclusions are shown in Section 5.

2. COMPETITION, OLIGOPOLY AND BARRIERS IN PHOTO CAMERA MARKETS

The photo cameras market is in the hands of a few competitors (See Table 1). According to the Camera & Imaging Products Association (CIPA), in 2015, only eighteen corporations were affiliated to this association. These firms are the most important all over the world and actually concentrate in a practical way the whole market. CIPA is an international industry association consisting of members engaged in the development, production, or sale of imaging related devices including digital cameras. The association’s mission is to contribute to the business success of its members through various activities in securing fair business en-
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