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Is globalization a road to duopoly?

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Abstract

In global markets, the market shares of the two or three biggest firms sum up more than 90 percent and firms do marketing efforts. However, the classical neo-walrasiano theoretical framework only is able to justify these stylized facts with particular firms' cost structures, being one reason the presumption that there are no information costs. Towards the rationalization of those stylized facts, I study the evolution of the market structure in a model of price advertising with a variable that controls the degree of openness of regional markets. The main result of the model is that in equilibrium the structure of a global market is the duopoly.

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