

CASE-STUDY 1: ENTRY BARRIERS HINDER COMPETITION

1. Google



Google is an American technology company founded in 1998 by Larry Page and Sergey Brin. The company is best known for its search engine, which is the most widely used in the world.

Google helps users find information quickly on the internet using advanced algorithms. In addition to search, Google also offers services such as Gmail, Google Maps, Google Drive and YouTube.

The company earns most of its revenue from online advertising.

Google plays an important role in the digital economy and online marketing.

Through continuous innovation, it invests heavily in artificial intelligence and cloud technology.

Google is part of the parent company Alphabet.

Google has a major influence on how people worldwide use and share information.

Why dominant?

Google has a market share of over 90% in search engines in Europe

Most important entry barriers:

- **Network effects:** the more people use Google, the better the algorithm becomes
- **Economies of scale:** huge investments in data centres and AI
- **Data advantage:** new players do not have the same amount of user data

2. Nestlé



Nestlé is a Swiss multinational food company that was founded in 1866.

Today, it is the largest food and beverage company in the world.

Nestlé produces a wide range of products, such as chocolate, coffee, baby food and pet food.

Well-known Nestlé brands include Nescafé, KitKat, Maggi and Purina. Het bedrijf is actief in bijna alle landen ter wereld.

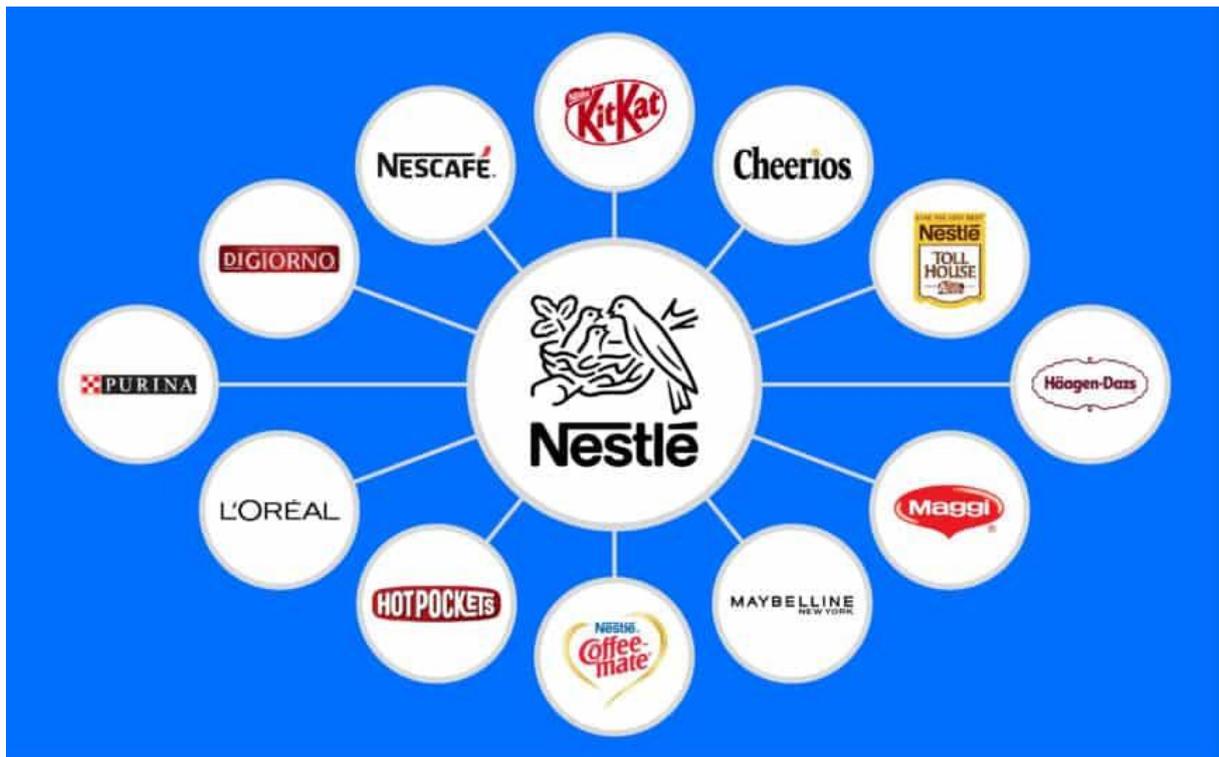
Nestlé richt zich sterk op merkherkenning en consumententrouw.

A large part of its turnover comes from everyday consumer goods.

Nestlé also invests in innovation and product development.

The company also focuses on sustainability and health.

Nestlé has a major influence on the global consumer market.



Why dominant?

Nestlé possesses extremely strong brands and shelf space in supermarkets.

Most important entry barriers:

- **Brand loyalty** among consumers
- **Marketing costs:** new players must have huge advertising budgets
- **Distribution power:** long-term contracts with retailers

3. Johnson & Johnson



Johnson & Johnson is a dominant company in the pharmaceutical sector because it is active worldwide in medicines, medical technology and consumer health. This broad diversification gives the company a very strong market position and stable income.

Why dominant?

The company has been one of the world's largest pharmaceutical companies in terms of turnover for many years.

Johnson & Johnson has strong and well-known medicines, particularly in oncology, immunology and vaccines.

It invests billions of euros annually in research and development, resulting in innovative and hard-to-match products.

Doctors, hospitals and governments have great confidence in the quality and safety of its products.

Most important entry barriers:

- **Patents and intellectual property**

New medicines are legally protected for many years, preventing competitors from copying them

- **Very high R&D costs**

The development of a single new medicine often costs more than €1 billion, which is virtually unfeasible for new players

- **Strict regulations**

Medicines must undergo lengthy and expensive approval procedures with governments and health authorities

- **Economies of scale and reputation**

Johnson & Johnson can produce more cheaply and distribute more quickly worldwide than smaller competitors

Question: One company that is clearly dominant in the youth clothing market is ZARA.

The ZARA logo is displayed in a large, bold, black serif font. The letters are thick and closely spaced, with a classic, elegant design.

Only H&M, Shein and Primark can rival ZARA's success.

What are the reasons for ZARA's **dominance**?

What are the **entry barriers** for this market?