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Are we entering in a winner takes-all economy ?

If I tell you about the year 1969, what does it inspire you?

You will surely think of the first step taken by the American Neil Armstrong and his famous quote "it is a small step for Man and a giant leap for humanity". I think Neil was right, yet we don't think about the same thing. He is thinking of space discovery, I am thinking of the creation of the first ARPANet link in the United States. If we have to summarise the ARPANet, it is the first decentralised network, if we popularise it, it is the ancestor of the Internet. But the end of the 20th century marked the digital revolution, the upheaval of societies caused by the rise of technologies such as computers and the Internet network. And in 2020, Americans, French, Russians and Senegalese will be able to communicate interactively with each other by equipping themselves with a computer, a mobile phone or any other tool with an Internet connection. At first glance, it is a giant leap for humanity to be able to communicate with each other, to share its culture and its opinion. But the history of humanity has shown us that mankind is in search of power. As the French rapper Kaaris would say, "the power of love is nothing compared to the love of power" or the guitarist Jimi Hendrix "When the power of love overcomes the love of power, the world will finally know peace". So technology, the internet, and today social networks have become extremely powerful commercial tools, tools for innovation. If we look at the top ten most important companies in the world, we find six companies linked to the internet or electronics (Microsoft, Apple Inc., Alphabet Inc., Facebook, Alibaba Group, Tencent). Among these companies, four are American and two Chinese. However, these companies exchange and interact with the whole world. But as mentioned before, Peru, Kenya, Slovakia can also communicate and interact with the whole world. And yet their share in international trade is ridiculous. And if we move away from the technological sphere, we can see the same thing in other sectors, they are all American, Chinese or French. Retail with Amazon, food with McDonald's or Coca Cola, banking with visas or the luxury sector with Louis Vuitton. It is therefore possible to wonder if we are entering in a winner-takes all economy.

If you put a lion and a man in an arena, who's going to win? Without a doubt, the lion is the answer, because Man is totally inferior in his ability to fight. Let's imagine that fighting against the lion is a source of income for Man, that's how he earns his living. Man therefore has two possibilities: to fight or to flee. If it is said that the lion is highly superior to man, then man will need the means to win. He can be given a weapon, he can be equipped with armour and in this case Man has the ability to compete. If Man chooses to flee, Man has to find another way to make a living, but it bothers him because fighting lions can bring him a lot of money.

This illustration could correspond to the winner-takes all system. Indeed, the lion would represent a very powerful company on the market such as Nike. As for Man, it would be a company that would want to start or try to survive in this system, Hummel. To enable Hummel to become the sole winner in its market, it will need means to match its ambitions. Otherwise Hummel may turn to another market, but this requires knowledge and skills that Hummel does not possess.

But this may seem like a rather simplistic version of reality.

In reality, it is rather interesting to look at companies that have managed to put themselves in a winner takes-all position and pocket all the gains. And above all to look at the context in which they were able to achieve it.

When I watch TV around 7pm, Macdonald often invites me to eat his new sandwich. I don't like commercials, so while I'm waiting for my show to resume, I'm going to watch the people I'm on

Instagram. Coincidentally, the first person I run into does a product placement for Macdonald. Tired of it all, I hope my show will help me forget about Macdonald for a while. But the show chose as its first topic to focus on the latest Macdonald ad campaign that everyone is talking about. I also received a message from a friend the same day asking me if I wanted to go eat Macdonald with him. Without my permission, Macdonald appeared several times during my day. How is this possible? In my opinion, network effects play a major role in a company's success in establishing a monopoly position. And the reality is that the more successful a company is, the more successful it will be. But we're talking about win-win takes-all companies. The ones you see on all digital platforms. The ones that dress us, make us eat, make us interact. The more the user sees that the product is bought or consumed, the more likely the user is to be interested in it. These are network effects, which for users is a fashionable effect. Having the latest iPhone is a fashion effect which is a result of a network effect. This network effect has been built up through innovation, among other things. The first Smartphone revolutionised the use of mobile phones, making Apple the global image of the Smartphone. As a result, nowadays, users are no longer really interested in the content but in the brand itself. People say it's good to have an iPhone, so I should trust Apple, and I should have the same mobile as everyone else for social reasons (to be accepted). Apple has therefore found itself at the forefront of the scene thanks to an innovation. Since then, we can't say that Apple has worked on its loyalty, it's come true on its own. But to maintain this image, Apple must continually innovate. This is the case of the first wireless "airpod" headphones.

So, if we understand correctly, Apple achieved the coup of the century by revolutionising the mobile phone in smartphones, making Apple the reference in terms of tactile mobile phones. And if Apple is so successful it is thanks to the network effect and innovation. But if Apple benefits from a network effect, it is thanks to companies such as Facebook, Instagram, Snapchat, TikTok that allow the sharing of content. These social networks allow the network effect to work in the long term. But these social networks can be found on your Apple smartphone. Or if you decide to buy a Huawei, you will download the Instagram application and see that everyone has an Apple. Maybe, next time you will buy an Apple.

This example shows the effectiveness of network effects for winner takes-all companies. It is therefore all the more difficult to compete with a well-established company that benefits from these networks. And the second difficulty is the interdependence between companies. Apple, winner takes-all in the electronics and computer market, works with Instagram, winner takes-all in social networks. This will therefore create a division of knowledge. Winner takes-all companies will be able to exchange much more advanced knowledge than medium-sized companies that do not have access to these techniques. This division of knowledge will therefore create a hierarchy and inequality. The leading company in one market trades with the leading company in another market. We can therefore see that this knowledge is a considerable advantage in maintaining its place as a winner takes-all, since innovation is the major asset to last over time.

So the conclusion is, is it possible to compete with this system? Isn't it more reasonable to let these successful multi-billion dollar companies take centre stage and amass an astronomical amount of revenue? Revenues that will allow them to acquire increasingly advanced technologies, allowing them to constantly innovate.

You can even see that even disrupting a winning take-all business does not sink in. Whether it's political scandals for Facebook, or corruption issues for Google. These companies have set up a

system that people live through. And globalisation and social networks only accentuate this monopoly. The rich will get richer and richer and the poor will get poorer and poorer. The inequality gaps will only widen.

In my view, the winner takes all business model is bound to prosper. Unless there is an ideological change, especially in politics. Because in my opinion, this winner takes-all trend is not really justified. There is no justification for win-win takes-all companies to offer the best products. What justifies their success is the timing, they set up when the market was not really concentrated and were able to offer an innovative product thanks to innovation. For me, if this trend continues it is because there is a huge sufficiency, people are not interested in alternatives. And I think that there are also significant social reasons for the individual to follow. Being pushed aside, being harassed, feeling different. These are also the bad things about social networks.