Figure 1: The Suspicion Effect: When is Monopoly Advantageous Relative to Competition?

Monopoly power is advantageous. Monopoly power is disadvantageous. Monopoly power is neutral.

$\rho(A, \beta, \pi)$
Figure 2: The Publisher's Bargaining Surplus
Figure 3: Equilibrium Market Structure Without Mergers—Dominant Profit Motive
A Monopoly

B Monopoly

No Entry

Competition

B enters for buyout

A enters for buyout

Both A as well as B monopoly are equilibrium

Competition changes to monopoly

β

π

Figure 4: Equilibrium Market Structure Allowing Mergers—Dominant Profit Motive
Figure 5: The Suspicion Region

\[ \pi(\bar{\beta}) = \frac{\int_0^\beta x f(x) dx + (1-\pi) \cdot \int_{\beta}^1 x f(x) dx - \beta}{\int_{\beta}^1 x f(x) dx + \beta \cdot (F(\beta) - 1)} \]
Figure 6: Alpha=1, no mergers allowed
Figure 7: Alpha=0.05, no mergers allowed
Figure 8: Alpha=0.01, no mergers allowed
Figure 9: Alpha=0.001, no mergers allowed
Fig 10: Alpha=1, mergers allowed
Figure 12: Alpha= 0.05, mergers allowed
A Monopoly

B Monopoly

B enters for buyout

A enters for buyout

Outcome changes to A monopoly

Outcome changes to B monopoly

Competition

A Monopoly

B Monopoly

No Entry

Figure 13: Alpha= 0.001, mergers allowed