

Price strategies and entry deterrence in the Municipal Solid Waste disposal industry: a signalling game

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The article discusses the Municipal Solid Waste (MSW) industry in the EU and the competition within the disposal segment. By using a simplified but comprehensive formalization of the MSW market, the case of potential competition between an innovative outsider (an incinerator with Waste-to-Energy technology) and a traditional incumbent (a landfill) is introduced. The incumbent cannot prevent a fully informed outsider from entering the market by implementing predatory pricing strategies. However, the presence of recycling as an alternative to end-of-the-pipe disposal introduces uncertainty to the outsider, who must rely on a structure of beliefs to decide whether to enter the market