

Industry Concentration Ratios. Industrial concentration is studied to identify market power - the power of a firm(s) to influence the industry-wide price of a product and/or the entry of new firms. It is traditionally measured by concentration ratios, the value of shipments contributed by the largest four, eight, ten (and so on) firms. For example, a four-firm concentration ratio gives the value of industry output produced by the largest four firms. If there is only one producer in an industry, then the one-firm concentration is 100% since all the output is produced by a single producer (Scherer, 1980).<sup>1</sup>

**Table 3.1 Concentration ratios for the OBCS case study innovations**

4-digit SIC Code	Industry (and related innovation)	4-Firm Concentration Ratio, 1982
3211	Flat glass (Low-E coatings)	85%
3433	Heating equipment except electrical (FRHOB)	15%
3497	Metal foil and leaf (Radiant barrier)	56%
3567	Industrial furnaces and ovens (FRHOB)	24%
3585	Refrigeration and heating equipment (HPWH)	34%
3632	Household refrigerators and freezers (Supermarket refrigeration compressor systems)	94%
3645	Residential lighting fixtures (Solid-state ballasts)	19%
3646	Commercial lighting fixtures (Solid-state ballasts)	35%