

# The winner-take-all society essay sample

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The first five chapters of the book 'The Winner-Take-All Society: Why the Few at the Top Get So Much More Than the Rest of Us' by Robert H. Frank and Philip J. Cook, titled 'Winner-Take-All Markets,' 'How Winner-Take-All Markets Arise,' 'The Growth of Winner-Take-All Markets,' 'Runaway Incomes at the Top,' and 'Minor-League Superstars,' investigate how the structure of certain markets results in striking income disparities between the richest and the poorest segments of market participants.

While free market and economic liberalism have many virtues, there are certain markets where breathtaking success and financial wealth are susceptible of being achieved, but only by the few. The most vivid examples of income disparities are found in such areas as entertainment, sports, and the arts. Similar developments are observed in corporate management, consulting, fashion, and journalism. In these markets, the so-called 'stars' capture the largest fraction of income growth.

Speaking about sports, an influx of television revenue is one of the reasons that account for this phenomenon. While earlier the largest portion of earnings was derived from selling tickets for sports competitions, at present the profits come from the sale of television rights. The following example of runaway incomes at the top, although professional boxers are the most lavishly rewarded 'stars,' is illustrative of the income structure in professional sports in general:

'In 1992 alone, former heavyweight champion Evander Holyfield earned more than \$28 million' (Frank & Cook, 1996, p. 25).

In the entertainment industry, star system has been around for quite a while already, yet the changes are brought about by technological development. For example, ' electronic media have transformed local and national entertainment markets into genuinely global ones' (Frank & Cook, 1996, p. 49).

In local markets, more entertainers have a chance of succeeding, yet as the industry becomes more and more dominated by American cultural products, it gets harder for newcomers to find a market niche.

The feature that is shared by all the aforementioned industries is that success in these areas is self-reinforcing; in other words, success breeds further success. That is why competition is fierce; and it is increasingly hard for a talented yet unknown beginner to rise to prominence. Celebrities, for example in film or book industry, can demand a big launch for their products accompanied by a massive advertisement campaign. For example, ' some authors insist that their contracts be written to include the promise of advertisements in the Times' (Frank & Cook, 1996, p. 34).

Given the conditions of market concentration and customization, success requires higher initial investment in the form of promotional capital.

Therefore, only well-known authors and movie stars, backed by large corporations, are doomed to success in the winner-take-all industries. The erosion of informal norms, like the ones that once bound authors to their editors, is also contributing to runaway incomes by the top performers.

Therefore, the main thesis the authors make in the first five chapters of the book is associated with the fact that there are certain markets where top performers capture the largest portion of revenues, and it becomes harder for the beginners to enter them. The reasons for that are connected with technological changes, market concentration, and erosion of ethical norms that used to regulate such industries.

## References

Frank, Robert H., & Philip J. Cook. (1996). *The Winner-Take-All Society: Why the Few at the Top Get So Much More Than the Rest of Us* . New York: Penguin Books.