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A Firm Entry Approach to Religious Pluralism and Religious Participation

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Abstract

There are two competing theories regarding the effect of religious pluralism on participation. One argument (Sacred Canopy) is that increased religious diversity will decrease individuals' beliefs and participation. The other case (Religious Economies) is that increased religious competition will increase interest and participation. Voas, Crockett and Olson (2002) show that the previously standard way of testing these two competing theories is incorrect. This paper draws on the firm entry literature from industrial organization to present a different test of these theories. Specifically, an entry model inspired by Bresnahan and Reiss (1991) is used to test whether an increase in the number of denominations in a (small, isolated) market increases or decreases religious enthusiasm.

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1. Introduction

In a number of ways economists approach the market for religion similarly to how they approach any market. There is a "demand side" – the individuals deciding whether or not to participate in religious activity and if so, how much. And there is a "supply side" – the many religious organizations providing a good or service to be consumed. There are also some stark differences between the market for religion and markets for other goods and services; there is no explicit price for religious participation and religious organizations are not necessarily profit-maximizers. These differences mean that oftentimes adjustments must be made when applying economic tools to religious market questions.

In a typical economic market[1], as the number of firms increases, competition exerts downward pressure on price, causing the quantity demanded (and produced) to increase. Since religious markets do not have a well-defined price[2], this typical market mechanism does not necessarily apply. There are two competing theories in the literature regarding the relationship between plurality (number of different religious organizations) and participation (the share of market population that is religiously active). One theory, posited by Berger (1967) and referred to as the Sacred Canopy, states that as the number of religions increases, the share of the population that is religiously active will decrease; the idea is that the existence of different religions diminishes the sacredness of each religion, decreasing the level of religious belief. On the other hand, the Religious Economies theory, put forth by Stark and Bainbridge (1985), argues that an increased number of different religions results in an increase in religious participation because added religions will appeal to new and different people.

A common method of testing these two theories was to statistically test the correlation between the inverse concentration of different religions[3] versus the share of the population that was religiously active in a given geographic market. However, Voas et al. (2002) show that this method is incorrect due to an underlying mathematical relationship between this measure of plurality and the share of religious activity.

This paper approaches the question of religious plurality and participation using industrial organization theories regarding competition and market threshold population. The Sacred Canopy theory and the Religious Economies Theory each result in different testable implications regarding the relationship between number of religions and market population. An entry model for religious denominations, similar to Bresnahan and Reiss (1991), is estimated to determine which theory of entry (Sacred Canopy or Religious Economies) is seen in the data. The results of the estimation are mixed, suggesting that initially Religious Economies is exhibited, but eventually the Sacred Canopy theory is supported.

Voas et al. (2002) explain that the previously common method for testing Sacred Canopies

[1] For example a homogenous goods market with Cournot competition.

[2] Iannaccone (1992) discusses how strictness of restrictions and prohibitions placed on members can take place of a formal price to reduce free-riding. Gruber and Hungerman (2008) and Hungerman (2010) emphasize that the when considering the price of religious participation, the value of non-religious options (opportunity cost) must be considered.

[3] Usually using one minus the Herfindahl-Hirschman Index as the measure of market concentration. A higher HHI means there is more competition in a market, so 1 - HHI means there is less concentration, or a higher level of plurality.

versus Religious Economies is incorrect.[4] Montgomery (2003) formally models the Religious Economies theory and emphasizes that assumptions regarding both individuals (demand-side) and Church (supply-side) decisions must be carefully considered.[5] McBride (2008) presents a game-theoretic approach to the question and emphasizes that pluralism and participation are not causal but co-determined by underlying market fundamentals such as entry costs and consumer preferences.

There is a very large literature using firm entry models to address various questions. (See Berry and Reiss (2007) for a summary of the entry literature.) Bresnahan and Reiss (1991) use an entry model to address the question of how many firms are needed to make a market competitive. Entry models have been used to explore market welfare implications of potential excess entry or government intervention (for example see Berry and Waldfogel (1999), Seim and Waldfogel (2013)). Extensions have been made to address various forms of heterogeneity (Mazzeo (2002) looks at choice of quality, Seim (2006) looks at locational differentiation).

There is a very limited literature using entry models to study the market for religion. Rennhoff and Owens (2012) and Walrath (2016) both estimate entry models to study church decisions but do not address the questions of pluralism versus participation.[6] Ferguson et al. (2014) analyze Scottish church entry behavior with a series of Bresnahan and Reiss (1991) inspired probit estimates, but do not make any conclusions regarding the prevalence of the Sacred Canopy or Religious Economies theory (though they do observe that larger markets do appear to exert more religious price competition – which seems to be consistent with the Sacred Canopy theory). This paper analyzes a different dataset which allows for more control of demographic variables and uses a model which allows for a more direct interpretation of Sacred Canopy versus Religious Economies.

This paper proceeds as follows. Section 2 presents an entry model and explains the testable implications which result from Sacred Canopy or Religious Economies theories. Section 3 describes the data used to estimate the model. Section 4 presents the results of the estimation and section 5 concludes.

2. Entry Model, Religious Pluralism and Participation

2.1 Profit and Threshold Population

To address the question of religious pluralism versus religious participation, this paper uses a firm entry model similar to Bresnahan and Reiss (1991). One attribute of Bresnahan and Reiss (1991) is that it uses a reduced-form variable profit equation that depends on observable variables such as market demographics and number of firms in the market. This reduced-form profit is useful due to the fact that price, cost and output are generally difficult to observe. When dealing with the market for religion the reduced-form profit is additionally helpful because it allows the researcher

[4]Chaves and Gorski (2001) summarize the somewhat conflicting results of this thread of the literature.

[5]Montgomery (2003) uses a measurement of pluralism that is not susceptible to the Voas et al. (2002) critique and finds in one dataset that pluralism is negatively associated with religious participation (supporting the Sacred Canopy), but the relationship is not necessarily causal.

[6]Rennhoff and Owens (2012) study a church's decision of whether or not to offer daycare and Walrath (2016) studies the effect of centralized decision making on entry behavior of different denominations.

to be "agnostic"[7] about the objective of the church. The per-religion reduced form profit equation is given by:

$$\Pi_n = V_n S - \gamma + \epsilon \tag{1}$$

Specifically, this is the profit of each religion if there are n religions in a given geographic market. V_n is the per-religion, per-capita variable profit (more detail below). This per-capita variable profit is multiplied by market size, S. Fixed cost is represented by γ. The ϵ term is an unobservable profit component and is assumed to have a standard normal distribution; this shock is identical for all religions in the same geographic market and is independently distributed across geographic markets. Per-capita variable profit is:

$$V_n = \left(1 - \sum_{i=2}^{n} \alpha_i\right)(\alpha_1 + \beta X) \tag{2}$$

Per-capita variable profit depends on market observable characteristics, X, and the number of other religions in the market, n. The competitive effects of additional religions are represented by the α_i terms. Monopoly per-capita variable profit is $V_1 = \alpha_1 + \beta X$. As additional religions enter the market, per-capita variable profits are expected to decrease due to downward pressure on price (or value) resulting from increased competition. The precise extent to which the per-capita variable profit declines due to entry is discussed in more detail below (section 2.2); the α_i terms allow for flexibility in exactly how per-capita variable profit is affected as religions enter.[8]

Assume a zero-profit, free entry condition and for now consider only deterministic profit (profit from equation (1) without the unobserved component, ϵ). Since per-capita variable profit decreases as number of religions increases (V_n falls as n increases), market population, S, must increase as n increases, in order for each religion to cover its fixed cost, γ. Setting deterministic profit equal to zero, one can solve for market threshold population $\hat{S}_n$ (the minimum population size needed to sustain n religions in a given market):

$$\hat{S}_n = \left(\frac{1}{1 - \sum_{i=2}^{n} \alpha_i}\right)\frac{\gamma}{\alpha_1 + \beta X} \tag{3}$$

The right-hand side of equation (3) contains a piece independent of the number of religions (made up of fixed cost, γ, an intercept term, α_1, and market characteristics, X) and a piece that depends on number of relgions in the market (the α_i terms).

2.2 Threshold Population and Religious Pluralism

To test between the Sacred Canopy and Religious Economies theories, I look at how market threshold population changes as the number of religions in a market changes. As mentioned above, changes in threshold population hinge on the α_i terms. Different patterns of α_i terms imply different effects of increased competition on threshold populations.

[7] As Rennhoff and Owens (2012) aptly phrase it. The reduced-form profit allows for a more general difference between value (broadly thought of) and cost, not necessarily revenue minus cost. A religion may value things such as participation, or excitement of participants.

[8] In Bresnahan and Reiss (1991) the α_i terms are additive. I made them multiplicative to allow for more direct comparisons between threshold populations for different numbers of religions, which is used in section 2.2.

Bresnahan and Reiss (1991) assume a homogenous goods market, so as new firms enter, competition drives down price and per-capita variable profit, necessitating an increase in per-firm threshold population.[9] Per-firm threshold population is $\hat{S}_n/n$. Since, per-firm threshold populations increase as n increases, the ratio $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$ is greater than one. There are many different patterns of α_i terms that result in this relationship between number of firms (or religions) and threshold market size; one specific pattern is seen in Table 1.

However, there are other possible relationships between number of religions and threshold market size that result from different patterns in α_i terms. Instead of assuming a homogenous goods market such as Bresnahan and Reiss (1991), consider a market with differentiated products. If each religion (firm) is producing a different good, individuals previously consuming the outside good could be enticed into the market[10], actually increasing the per-capita variable profit, decreasing the number of consumers needed to break even and thus resulting in a decrease in the per-religion market threshold population. The resulting ratio of per-religion market threshold ratios, $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$, would be less than one. Table 1 presents one specific pattern of α_i terms that would produce this relationship between n and market threshold populations.[11]

Examples of these different relationships between number of religions and market threshold population can be seen in Table 1. Table 1 allows for up to five religions in a market (five is chosen arbitrarily – just for example purposes). The top portion of Table 1 presents one possible pattern of α_i terms that result in an increasing per-religion threshold population; the increasing per-religion threshold population can be seen by the fact that the ratio $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$ is always greater than one.[12] The middle portion of Table 1 presents one possible pattern of α_i terms that exhibit decreasing per-religion threshold populations; as the number of religions increases, the number of people required per religion actually falls. This pattern can be seen by the fact that $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$ is less than one.[13]

The top two threshold patterns exhibited in Table 1 reflect the two different theories regarding the relationship between religious plurality and religious participation. The Increasing Threshold Population pattern is consistent with the Sacred Canopy theory. The intuition behind the increasing per-religion threshold population is that due to competition, additional entrants require a larger per-religion population. Similarly, the idea of the Sacred Canopy theory is that a new religion

[9] As a result of price competition, per-capita variable profit per firm, V_n/n, is always less than monopoly profit divided by n, V_1/n.

[10] Or, individuals may be willing to pay a higher price due to a better match, increasing a religion's per-capita variable profit; this increased per-capita variable profit captures potential increased enthusiasm from additional religious choice.

[11] Another possible relationship would be if there is no downward pressure on price as a result of entry, then the monopoly per-capita variable profit is split evenly by the number of religions. This would mean that an increase in the number of religions would require an exactly proportional increase in population. Mathematically, this would result in per-religion threshold population ratios, $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$, equal to one. For a certain number of religions, n, there is a precise pattern of α_i terms that would result in this specific change in threshold market size.

[12] Threshold market population, $\hat{S}_n$, is calculated using equation (3). For each market, the population required for a monopolist, $\hat{S}_1$, depends on market characteristics, X. However, the threshold population for $n \geq 2$ can be calculated as some multiple of $\hat{S}_1$. When calculating ratios of threshold market populations the $\hat{S}_1$ term drops out.

[13] The bottom portion of Table 1 shows the specific pattern of α_i terms needed to result in threshold population increases that are exactly proportional. To determine this specific pattern of α_i terms, begin by setting $\frac{1}{1-\sum_{i=2}^{n}\alpha_i} = i$ (the left-hand term comes from equation 3) and solve for α_i recursively starting with $i = 2$ through n.

Table 1. Examples of Possible Relationships between α_i Terms and Threshold Population

		Number of Religions (n)				
Case	Variable	1	2	3	4	5
Increasing Threshold Population	α_i Terms	-	0.600	0.175	0.065	0.035
	Threshold Pop, $\hat{S}_n$	$\hat{S}_1$	$2.50\hat{S}_1$	$4.44\hat{S}_1$	$6.25\hat{S}_1$	$8.00\hat{S}_1$
	Threshold Pop Per Religion, $\hat{S}_n/n$	$\hat{S}_1$	$1.25\hat{S}_1$	$1.48\hat{S}_1$	$1.56\hat{S}_1$	$1.60\hat{S}_1$
	Per Religion Pop Ratio, $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$	1.25	1.19	1.06	1.02	
Decreasing Threshold Population	α_i Terms	-	0.400	0.150	0.100	0.050
	Threshold Pop, $\hat{S}_n$	$\hat{S}_1$	$1.67\hat{S}_1$	$2.22\hat{S}_1$	$2.86\hat{S}_1$	$3.33\hat{S}_1$
	Threshold Pop Per Religion, $\hat{S}_n/n$	$\hat{S}_1$	$0.84\hat{S}_1$	$0.74\hat{S}_1$	$0.71\hat{S}_1$	$0.67\hat{S}_1$
	Per Religion Pop Ratio, $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$	0.84	0.89	0.96	0.93	
Proportional Change in Threshold Population	α_i Terms	-	0.500	0.167	0.083	0.050
	Threshold Pop, $\hat{S}_n$	$\hat{S}_1$	$2.00\hat{S}_1$	$3.00\hat{S}_1$	$4.00\hat{S}_1$	$5.00\hat{S}_1$
	Thresh Pop Per Religion, $\hat{S}_n/n$	$\hat{S}_1$	$\hat{S}_1$	$\hat{S}_1$	$\hat{S}_1$	$\hat{S}_1$
	Per Religion Pop Ratio, $\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$	1.00	1.00	1.00	1.00	

diminishes interest in religion generally, and would require a larger market population to support each religion – requiring the per-religion threshold population to increase.

On the other hand, the Decreasing Threshold Population is consistent with Religious Economies. The intuition behind Religious Economies is that as new religions enter, previously non-religious individuals are attracted to these new religions, decreasing the per-religion threshold population. This paper uses the number of different denominations in a given market as a measure for plurality and per-capita variable profit (equation (2)) to represent individuals' religious enthusiasm.[14]

2.3 Model Estimation

This paper estimates the entry game with profit in equation (1) and determines if the estimated pattern of α_i terms reflects either Sacred Canopy, Religious Economies or a combination of both. Let $\bar{\Pi}_n$ respresent the deterministic portion of profit (profit equation (1) without the unobserved component, ϵ). Then, using the zero-profit assumption, the probability of a market having n religions in a market is given by:

$$\begin{aligned} \Pr(N = n) &= \Pr\left(\epsilon \geq -\bar{\Pi}_n \text{ and } \epsilon < -\bar{\Pi}_{n+1}\right) \\ &= \Phi\left(-\bar{\Pi}_{n+1}\right) - \Phi\left(-\bar{\Pi}_n\right) \end{aligned} \tag{4}$$

Above, Φ is the standard normal cumulative distribution function. The above can be used to determine an ordered-probit likelihood function (which is estimated in Section 4).[15]

3. Data

To estimate the above model, data on market characteristics and religion counts is needed. Just like Bresnahan and Reiss (1991), I use small, isolated markets; however, instead of using census places I start at the census block level and aggregate blocks to form markets.[16] Due to data collection, I focus on five U.S. States: Iowa, Montana, North Dakota, South Dakota and Wyoming. From these states I collect 399 small, isolated markets.[17] For each of these markets, I collect market population, per capita income, fraction of population above age 25 with a bachelor's education and fraction of population above age 65 from the 2000 U.S. Census.[18] Table 2 presents summary statistics for these variables.

The other data needed to estimate this model is number of different religious denominations in a market (each different denomination is a different religion, which is my measure for religious pluralism). This paper restricts denominations to three denominational families: Evangelical

[14]Per capita variable profit proxies for a religious organization's objective function; this does require the assumption that every religious organization has the same objective. If per-capita variable profit (religious enthusiasm) increases as number of religious denominations increases, this supports Religious Economies. A couple ways to interpret increased enthusiasm could be as bringing in new religious participants (who were formerly not participating) or current participants who switch to a religion which is a better match and are now willing to donate more money or time.

[15]For $N = 0$, only the $n + 1$ piece is relevant. For $N = n_{max}$, $\Phi(-\bar{\Pi}_{n+1}) = 1$.

[16]The process of creating these markets is explained in Walrath (2016), which also explains that these 'from scratch' markets are used due to the somewhat arbitrary nature of census places.

[17]The population of the markets is limited to 100 to 2,500 people. The rather restrictive maximum population is set to limit the number of different religions, since the number of religions determines the number of α_i terms that must

Table 2. Summary Statistics for Market Characteristics

Market Characteristic	Number Markets	Minimum	Maximum	Mean	Standard Deviation
Population (in thousands)	399	0.100	2.475	0.726	0.616
Per Capita Income (PINC) (in thousands)	399	3.649	35.085	15.412	4.043
Fraction Above Age 25 with Bachelors (or above) (HED)	399	0.051	0.688	0.162	0.066
Fraction Above Age 65 (ELD)	399	0.009	0.454	0.192	0.092
Number Denominations Per Market	399	0.000	12.000	2.519	2.519

Protestant, Mainline Protestant and Catholic, based on specifications from Lugo et al. (2008).[19] Number of denominations is gathered using an online directory, ReferenceUSA (similar to a more detailed, digital phone book). First, all observations from ReferenceUSA with a NAICS equal to 8131008 (the code used for churches – I start with each church in each market) in the five specific states are downloaded. Using longitude and latitude for each observation, each church is linked to the appropriate geographic market. Each church is matched with a religious denomination by hand.[20] If there is more than one church in a given market with the same denomination (e.g. Roman Catholic, Evangelical Lutheran Church in America) that denomination is only counted once

be estimated. The isolation criteria is that the population within 10 miles of the market must be less than 10,000, the population within 20 miles must be less than 30,000, and the population within 30 miles must be less than 60,000.

[18]The market population is obtained from adding up the population of all blocks included in a market. Both per capita income and the proportion with a bachelors are collected at the blockgroup level. For markets that fall within more than one blockgroup, population-weighted averages are used. The proportion over age 65 is at the county-level, so population-weighted averages are used for any market in more than one county. Demographic data from the 2000 Census is used because church counts were collected in 2007. These demographic characteristics are used because they are believed to have an affect on religious participation and religious giving – which contribute to variable profit. Gruber (2005) finds that education and income have a positive relationship with both attendance and religious giving. Zaleski and Zech (1992) review the literature showing mixed results regarding the relationship between age and religious donations.

[19]These three denominational families are chosen because this paper is interested in competitive effects between denominations, so I want to use denominations that have differences between them but are still competing with each other to an extent – Lugo et al. (2008) explains that these denominational families fit these criteria. The only denomination included in the Catholic tradition is the Roman Catholic Church. Notable Mainline Protestant denominations include United Methodist Church, Evangelical Lutheran Church in America, Presbyterian Church USA and United Church of Christ. Notable Evangelical Protestant denominations include Southern Baptist Convention, Assemblies of God and Church of Christ. For a more exhaustive list of denominations in each religious tradition, see Lugo et al. (2008).

[20]For some churches the denomination is clear by its name (e.g. St. Anthony Catholic Church), for other churches the denomination is determined by checking denominational directories and internet searches.

– so there is a count of the unique number of denominations (religions) in each market.[21] Table 3 provides counts of number of markets with a given number of different denominations.[22]

Table 3. Number of markets with given number of different religious denominations

Number Religions	0	1	2	3	4	5	6	7	8	9+
Number Markets	113	64	54	53	36	22	13	23	12	9

4. Results

Using the data described above, the ordered-probit presented in section 2.3 is estimated using constrained maximum likelihood.[23] The results are presented in Table 4. Most parameters are estimated with statistical significance at the 1 percent level. The two variables that are not statistically significant are α_1, which acts as a constant term in per-capita variable profit, and β_3, which is the coefficient on the higher education variable.[24] The estimates for the α_i terms can be used to calculate market threshold populations using equation (3); specifically Table 4 reports the threshold population as a multiple of monopoly threshold population, $\hat{S}_1$.[25] Along with the estimated threshold populations, per-religion threshold populations and the ratio of per-religion threshold populations are also reported.

The ratios of per-religion threshold populations indicate if religious entry follows either the Sacred Canopy or Religious Economies theories. The first threshold ratio to look at is that for the first to second religion. A second religion requires less than a 50 percent increase in market population compared to the monopoly threshold population ($\hat{S}_2 = 1.465\hat{S}_1$). This implies that enthusiasm for religion generally must increase with the presence of a second religion, which supports the theory of religious economies. This idea is further supported by the fact that the per-religion threshold population ratio between the second and first religions is less than one (0.733) – the population per religion falls when moving from one to two religions. A similar pattern is seen when looking between the second and third religion; the per-religion threshold population ratio is again below one (0.971), again supporting religious economies.

However, when moving on to the fourth religion, the per-religion threshold ratio moves above one (and stays above one for all religions beyond the fourth). A per-religion threshold ratio above

[21] Forty-five markets have more than one church of the same denomination.

[22] The number of different denominations is capped at $n_{max} = 9$. In the data seven markets have 9 denominations, one market has 10 denominations and one market has 12 denominations.

[23] Constrained maximum likelihood is needed because $1 - \sum_{i=1}^{n} \alpha_i$ must be greater than or equal to zero.

[24] The non-significance of the higher education coefficient is understandable given Glaeser and Sacerdote (2008) find that individuals with higher education might sort into "less fervent" religions (such as Mainline Protestant denominations). Since Catholics, Mainline Protestants and Evangelical Protestants are all combined, it is reasonable that the effect of higher education on per-capita variable profit is not statistically significant.

[25] Monopoly threshold population, $\hat{S}_1$, is not reported because it depends on market characteristics, X, and is thus different for each market.

Table 4. Estimates and Threshold Populations

Parameter	Variable	Estimate	Threshold Population ($\hat{S}_n$)	$\hat{S}_n/n$	$\frac{\hat{S}_{n+1}/(n+1)}{\hat{S}_n/n}$
β_1	pinc	0.2291***			
		(0.0431)			
β_2	eld	10.2446***			
		(1.9122)			
β_3	hed	-1.2586			
		(3.0718)			
α_1		-0.5596	$\hat{S}_1$	$\hat{S}_1$	0.733
		(0.4053)			
α_2		0.3175***	$1.465\hat{S}_1$	$0.733\hat{S}_1$	0.971
		(0.0288)			
α_3		0.2135***	$2.132\hat{S}_1$	$0.711\hat{S}_1$	1.158
		(0.0248)			
α_4		0.1574***	$3.209\hat{S}_1$	$0.823\hat{S}_1$	1.094
		(0.0194)			
α_5		0.0894***	$4.500\hat{S}_1$	$0.900\hat{S}_1$	1.098
		(0.0138)			
α_6		0.0536***	$5.931\hat{S}_1$	$0.988\hat{S}_1$	1.062
		(0.0108)			
α_7		0.0324***	$7.342\hat{S}_1$	$1.049\hat{S}_1$	1.707
		(0.0086)			
α_8		0.0664***	$14.327\hat{S}_1$	$1.791\hat{S}_1$	3.649
		(0.0128)			
α_9		0.0528 ***	$58.824\hat{S}_1$	$6.536\hat{S}_1$	
		(0.0143)			
γ	Fixed Cost	1.5026***			
		(0.0986)			

Notes: Standard errors in parentheses. * denotes statistical significance at the 10 percent level, ** denotes significance at the 5 percent level and *** denotes significance at the 1 percent level. For the columns dealing with market threshold populations, the n terms correspond to the n in the α_n term in the Parameter column.

one indicates that the market population per religion must be increasing, due to a decreased general enthusiasm for religion as more religions enter.[26] This pattern supports the Sacred Canopy theory – the idea being that at some level of religious pluralism, new religious organizations are competing with each other amongst existing participants, instead of drawing in non-participants or increasing enthusiasm of current participants.

5. Conclusion

This paper presents a method for testing the relationship between religious pluralism and religious participation using industrial organization theories of firm entry. Specifically, the relationship is tested by estimating an entry model for different religious denominations in a given market. The results support that initially (first few new religious entrants) the theory of Religious Economies applies, but eventually the idea of the Sacred Canopy is supported.

[26]This decreased enthusiasm could be interpreted as exhausting the potential of new participants, depleting any possible benefit from better religious matches, decreasing interest from current participants due to diminished sacredness.

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