Market Structures Overview (with Examples)

1. Perfect Competition

- **Key Features**:
    - Many buyers and sellers.
    - Homogeneous products (no differentiation).
    - Price takers.
    - Free entry and exit.
- **Examples**:
    - Agriculture: Wheat, corn, or rice markets.
    - Stock Market: Buying and selling identical shares.

- Supply and demand graph showing equilibrium price and quantity.

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2. Monopolistic Competition

- **Key Features**:
    - Many sellers.
    - Differentiated products (e.g., through branding, quality, or packaging).
    - Non-price competition (e.g., advertising, promotions).
- **Examples**:
    - Restaurants: Each offers a unique menu, ambiance, or location.
    - Clothing brands: Zara, H&M, and GAP target different consumer preferences.

- **Fast Food**: McDonald's, Burger King, Subway
- **Clothing Brands**: Zara, H&M, GAP

3. Oligopoly

- **Key Features**:
    - Few large firms dominate the market.
    - High barriers to entry (e.g., high startup costs, legal restrictions).
    - Firms are interdependent; decisions by one firm affect others.
- **Examples**:
    - Technology: Apple, Samsung, and Google.
    - Airlines: Delta, American Airlines, and United in the U.S.
    - Auto Industry: Toyota, Ford, and Volkswagen.

4. Monopoly

- **Key Features**:
    - Single seller controls the market.
    - Unique product with no close substitutes.
    - High barriers to entry (e.g., patents, legal restrictions).
    - Price maker.
- **Examples**:
    - Utilities: Local electricity or water supply companies.
    - Tech Giants: Microsoft (historical monopoly in operating systems).

Monopoly graph showing profit maximization (MC = MR).

Integration of A1 and A2

A1: Economic Inquiry

- **Formulate Questions**:
    - Why are prices lower in perfect competition than in monopolies?
    - How do oligopolistic firms avoid price wars?
- **Select and Analyze Data**:
    - Use industry reports (e.g., market share of tech firms in an oligopoly).

- ○ Graphs: Compare pricing and output between perfect competition and monopolies.
- **Evaluate Sources**:
  - ○ Examine articles from academic journals, business case studies, and government policies.
- **Use Economic Thinking**:
  - ○ Apply concepts like marginal cost and revenue to analyze decision-making.

A2: Developing Transferable Skills

- **Apply Skills in Real-World Contexts**:
  - ○ Analyze a local industry (e.g., coffee shops or grocery stores) to determine its market structure.
  - ○ Conduct a debate on whether monopolies are harmful or beneficial.