

# 10.57- INTRODUCTION TO MARKET STRUCTURES

**10.57- Compare and contrast basic characteristics of the four market structures.**

**By: Carter Greene**

# KICKOFF:

- ❖ Go to Google Classroom and complete the assignment “**12/13- KO**”
  - The Chickens are Colluding...
- ❖ **Roll Call:** Favorite Fast Food



# ANNOUNCEMENTS:

- ❖ All Section 10/Unit 4 modules should be read by now
- ❖ **12/19**- Unit 4 Test
- ❖ Knight Time: Monday - Wednesday next week
- ❖ Homeroom: Thursday and Friday

CANDY AND THE  
MARKETS-  
SIMULATION

LET'S FILL OUT THE  
CHART BASED OFF OF  
OUR SIMULATION

# MARKET STRUCTURE QUESTIONS

- ❖ Go to Google Classroom and complete the assignment “Market Structure Questions
- ❖ Use the knowledge you learned from the Module 57 reading and from the Candy Simulation we just completed
- ❖ Working with the person beside you
  - Collaborate, not divide and conquer
- ❖ ~20 minutes
- ❖ If you finish early, go ahead and sign up for MarketWatch (on Google Classroom)

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# 4 MARKET STRUCTURES/TYPES OF COMPETITION

- ❖ Competition- struggle between various producers to win market share
  - Pros:
    - Lower prices, higher quality, innovation
- ❖ Based largely on:
  - Number of firms
  - Product Differentiation
- ❖ Perfect (Pure) Competition, Monopolies, Oligopolistic, monopolistic



# PERFECT COMPETITION

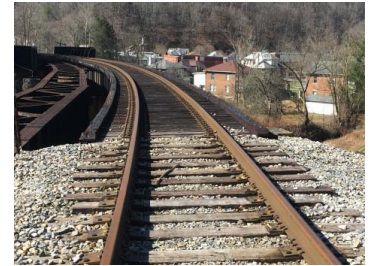
- ❖ Many firms with (equally) small market share
- ❖ Identical products → perfect substitutes
  - Price takers- zero control over price
- ❖ Free entry and exit
  - Government and other firms can't keep act to keep others out
- ❖ NO MARKET POWER



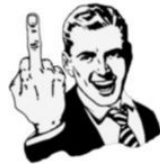


# EXAMPLES THROUGHOUT HISTORY

- ❖ John D. Rockefeller- Oil
- ❖ Cornelius Vanderbilt- Railroads
- ❖ Andrew Carnegie- Steel
- ❖ James B. Duke- Tobacco
- ❖ Cecil Rhodes- Diamonds



**I Hate**



**Duke**



# OLIGOPOLY- IMPERFECT COMPETITION

- ❖ Small number of influential firms
- ❖ Products can be the same or slightly differentiated
  - A lot of influence over price
- ❖ Highly susceptible to collusion!
- ❖ Barriers to entry (but weaker than monopoly)
  - Economies of Scale
- ❖ Measured by concentration ratios and HHI
- ❖ Some market power



# MONOPOLISTIC- IMPERFECT COMPETITION

- ❖ Large number of firms
- ❖ Slightly differentiated product
  - Some influence over price
- ❖ Relatively free entry and exit in the long-run



# MARKETWATCH

- ❖ Go to Google Classroom and sign up for MarketWatch if you haven't already
- ❖ Begin to explore the website and check out the Log you will be filling out for each transaction you make

The MarketWatch logo is centered on a dark gray rectangular background. The word "Market" is written in a white, italicized sans-serif font, and the word "Watch" is written in a green, italicized sans-serif font. A green arrow points upwards from the top of the letter 'a' in "Watch".

*MarketWatch*

# CLOSURE:

- ❖ Go to Google Classroom and complete the assignment **“12/13- Closure”**

