



MARIANO MARCOS STATE UNIVERSITY

College of Teacher Education

Center of Excellence in Teacher Education



MICROECONOMICS

CAROLYN G. PAGUYO

Associate Professor IV

cgp58@yahoo.com



MARIANO MARCOS STATE UNIVERSITY
College of Teacher Education



Market Structures



MARIANO MARCOS STATE UNIVERSITY
College of Teacher Education



Objectives

- Define the term Market Structures
- Identify the various market structures
- Differentiate the characteristics of the various market structures
- Compare and contrasts the market structures
- Give specific examples of products or service sold under each type of market structure
- Participate actively on the discussion and activities of the class



Content Outline

- ✿ Market Structure defined
- ✿ Types of Market structures
- ✿ Characteristics of the market structures
- ✿ Examples of products or service under each type



Warm-up Activity

- ★ List your favourite brands for the following products:

Shampoo

Lotion

Soap

Jeans / Pants

Shirts / Blouse

Shoes / Rubber shoes

Snacks

Explain why you like these particular brands



What is Market Structure?



Market Structure

- ✿ Refers to the nature and degree of competition in the market for goods and services
- ✿ The structures of market both for goods market and service (factor) market are determined by the nature of competition prevailing in a particular market

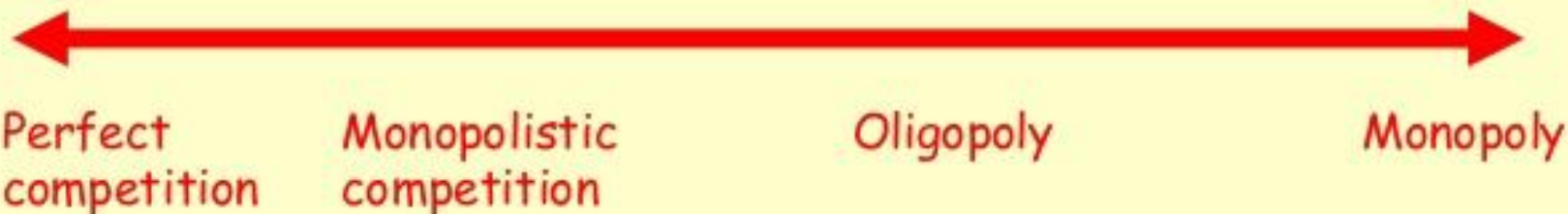


Market structure

The markets in which firms operate differ in the degree of competition and in their structure

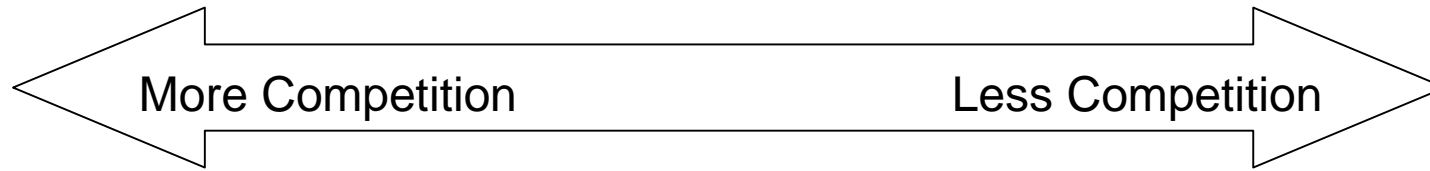
We can think of there being a spectrum of competition, from very competitive to a total absence of competition.

Along this spectrum we can identify **FOUR** market structures





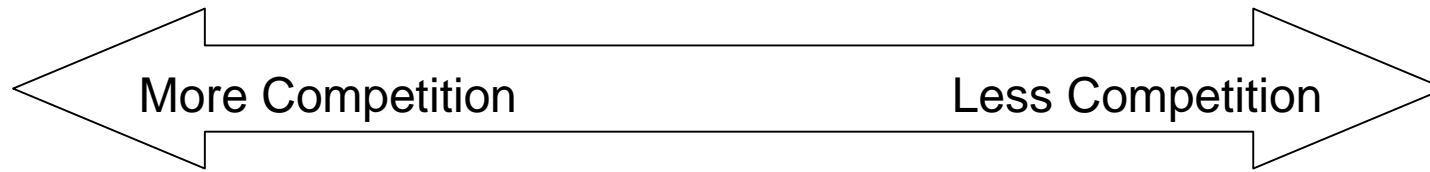
Pure / Perfect Competition



- Large number of buyers and sellers
- Identical product
- Well informed buyers and sellers



Pure / Perfect Competition



- Meets all condition of perfect competition except for identical products.
 - **Product differentiation**
- Monopolistic competitors use non-price competition
 - Advertising, giveaways, or other promotions



Monopolistic Competition



Gap



Levi's



Lucky

- Same as pure competition except for **product differentiation**



Monopolistic Competition



Are these shampoos/conditioners different?

Pantene \$14.50

Frederic Fekkai \$54



Monopolistic Competition



Are these mascaras different?

Maybelline

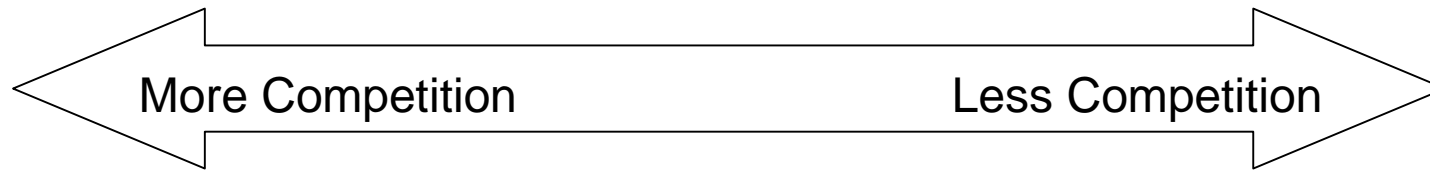
Sisley

\$4

\$43



Oligopoly



- A **few** very large sellers dominate the industry
- Oligopolists act independently by lowering prices soon after the first seller announces the cut
- **Collusion: formally agree to set prices**
- Engage in price wars





Ipod



Zune



Ipad



Tablet

Oligopoly



Few producers control supply and price

Coca-Cola Classic

- Coca-Cola classic
- Sprite
- Dasani
- Barq's
- Dannon
- Nestea
- Rockstar
- Evian
- Fanta
- Fresca
- Minute Maid
- Mr. Pibb
- Powerade
- Seagrams Ginger Ale & Mixers
- TAB



Pepsi-co

- Aquafina
- Pepsi
- Mountain Dew
- Sierra Mist
- Sobe
- Lipton Brisk Tea

- MUG Root Beer
- Slice
- Gatorade
- Dole Juice
- Tropicana



Cadbury Schweppes

- 7 Up
- Canada Dry
- Clamato
- Dr Pepper
- Hawaiian Punch
- Mott's
- Orangina
- Snapple



Toyota



Chrysler



- Chrysler
- Jeep
- Dodge



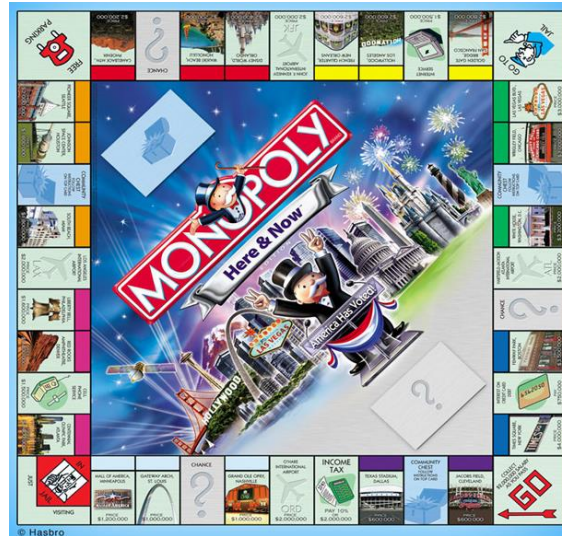
General Motors



- Chevrolet
- Buick
- Pontiac
- GMC
- Saturn
- Hummer
- SAAB
- Cadillac



Monopoly



- Only **one** seller of a particular product
- Few monopolies



Monopoly



Microsoft®

- One seller dominates the market with no close substitutes



More competition

Less competition



Monopoly

- Natural Monopoly - efficient production by a single supplier



Monopoly

- Geographic Monopoly - small town



Monopoly

1. Technological Monopoly -
new invention
 - Patent: exclusive right for
17 years



Monopoly

1. Technological Monopoly -
new invention
 - Copyright: lifetime + 50 years



This telecast is copyrighted by the NFL for the private use of our audience. Any other use of this telecast or of any pictures, descriptions, or accounts of the game without the NFL's consent, is prohibited.

Monopoly

2. Government Monopoly - government owned businesses



shutterstock.com • 770004913



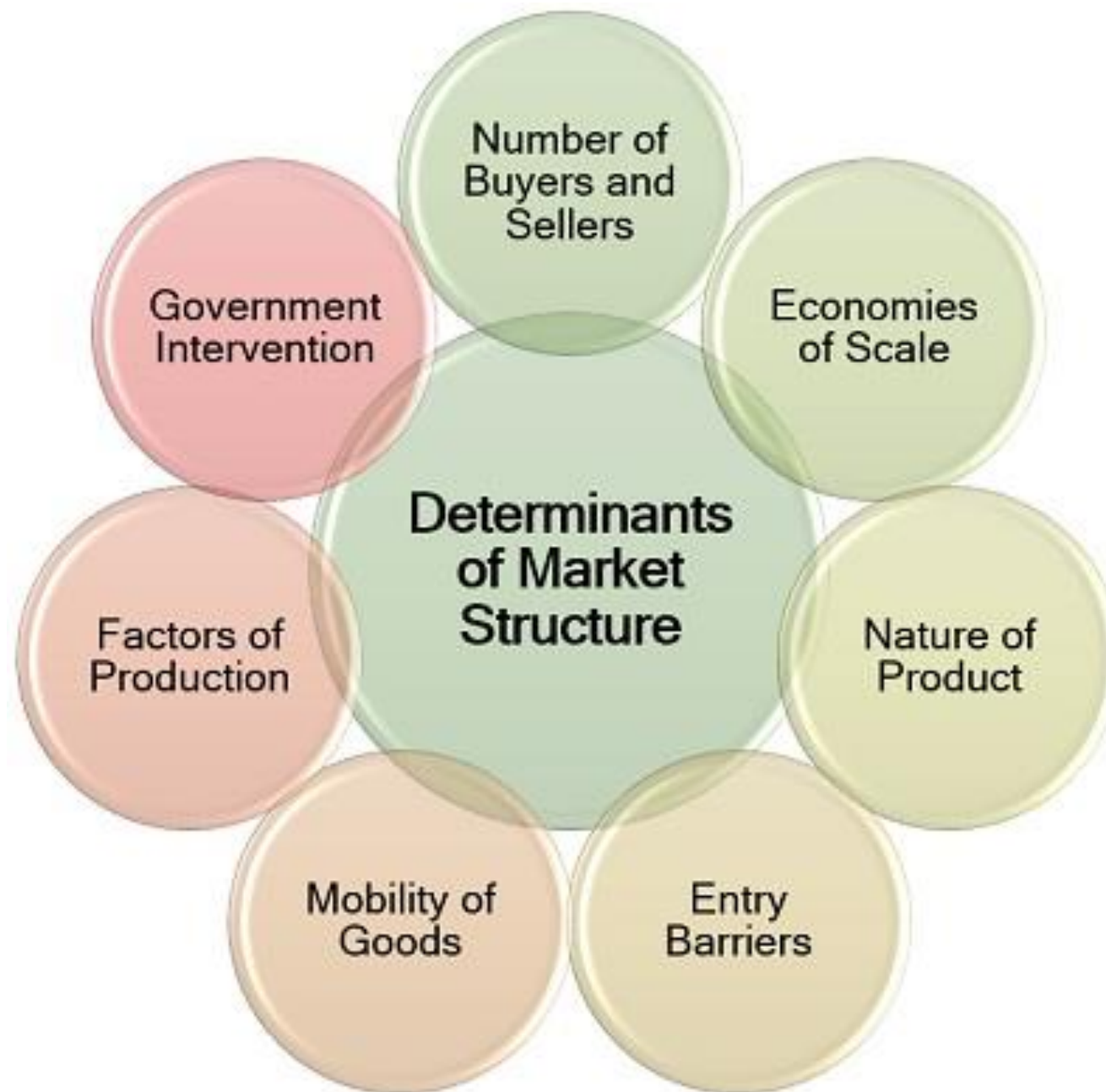
© Can Stock Photo - csp14003783



Comparing Market Types

Type of Market	Number of Producers	Kind of Competition	Barriers to Entry	Another Name for Firms	Special Traits
Monopoly	One	None	No entry possible	Price-setter	Only one firm
Oligopoly	A few	Primarily non-price competition	Medium barriers (difficult entry)	N/A	Firms can collude and behave as a monopolist
Monopolistic Competition	Many	Non-price competition; price competition	Low barriers (easy entry)	Price-maker	Product differentiation and branding
Perfect Competition	A great many	Price competition	No barriers (free entry)	Price-taker	Perfectly elastic demand





Summary

- ✿ There are four basic types of market structures: perfect competition, imperfect competition, oligopoly, and monopoly.
- ✿ Perfect competition describes a market structure, where a large number of small firms compete against each other with homogenous products.
- ✿ Meanwhile, monopolistic competition refers to a market structure, where a large number of small firms compete against each other with differentiated products.
- ✿ An Oligopoly describes a market structure where a small number of firms compete against each other.
- ✿ A monopoly refers to a market structure where a single firm controls the entire market.



Activity: Cut articles or images of commodity goods and services (5), then classify them to what market structure they belong. Justify your answer



References

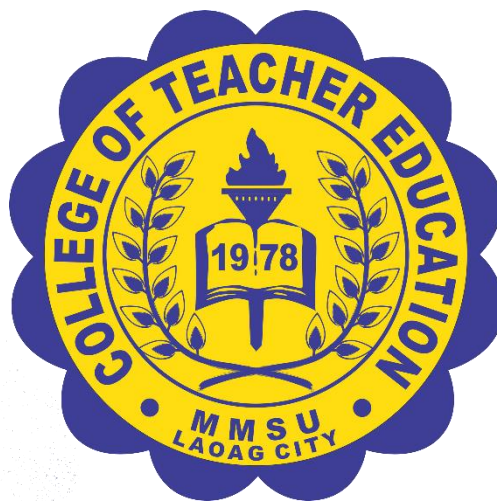
<https://slideplayer.com/slide/9459912/>

<https://policonomics.com/lp-market-structures-market-structure/>

Raphael Zeder The Four Types of Market Structures updated Jan 31, 2020 (Published Sept 6, 2016)

<https://quiconomics.com/market-structures/> retrieved 4/20/2020





Get in Touch With Us

Send us a message or
visit us

Laoag City, Ilocos Norte,
Philippines
(63) 77-600-2014
cte@mmsu.edu.ph

Follow us for updates

 facebook.com/MMSUofficial
 www.mmsu.edu.ph