Market Share of Firms

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1. Monopoly
2. Oligopoly
3. Monopolistic Competition
4. Perfect Competition

Monopoly

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When one firm has a large market share, dominates a market, majority of market share, price maker

Stakeholder: Firm

Advantages	Disadvantages
1. high revenue, profitable 2. no competition (spend less on advertising, don't worry about price wars) 3. more economies of scale	1. Can lead to diseconomies of scale 1. inefficient

Stakeholder: Consumer

Advantages	Disadvantages
1. EOS pushes average cost down pushes down price (EOS) 2. Can produce enough because of EOS 3. Re-invest in their companies	1. No variety in market 2. Able to constrict supply, price increases (DRAW S&D diagram) 3. No incentive to provide quality products

Stakeholder: Supplier

Advantages	Disadvantages
1. their product is being sold by a monopoly, large market	1. Suppliers have to sell cheap to monopolies

Perfect Competition

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Characteristics

1. All products are identical
2. Perfect information
3. Many buyers/sellers
4. No barriers of entry
5. All firms are equally treated

Stakeholder: Firm

Advantages	Disadvantages
1. No advertising expenses 2. No barriers of entry/exit 3. No wastage of products	1. Low profit margin 2. Price takers (DRAW S&D diagram) 3. no EOS

Stakeholder: Consumer

Advantages	Disadvantages
1. Market price 2. Efficient	1. No variety 2. can be low quality

Oligopoly / Monopolistic Competition

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Oligopoly

1. 2 to many firms that share a market
2. lower prices than a market but higher than a market price
3. price makers
4. non-price competition

Monopolistic Competition

1. Many, many firms
2. selling differentiated products
3. higher prices than market but lower than oligarchy
4. non-price competition