

Oligopoly, monopoly and monopolistic competition essay sample



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To understand the difference between these market structures, you have to understand what these market structures are. We start off discussing the oligopoly market. One type of imperfectly competitive market is an oligopoly which is a market structure in which only a few sellers offer similar or identical products. (Mankiw, 2012) this means that a small number of companies dominate the industry and have to compete with one another with price and service. In my opinion, this market is very competitive so most of the firms in this market have to have a strong point in quantity and customer service to win over their consumers. Some good examples of these companies in this market would be movies, health insurance providers, and phone carrier. In a monopoly sellers dominate the entire market and have the ability to set their own prices. This means that one of the main differences between a monopoly and a oligopoly is price because the price of a monopoly is going to be higher since they have no real competition. Now some great examples of these companies that are a monopoly are:

Microsoft, Google (even thou you have others like Bing) etc. These corporate giants make millions of dollars with their products because in a monopoly the customer has no choice but to pay the price that the firm has set.

Now the last one that I'm going to discuss is a monopolistic competition. Another type of imperfectly competitive market is a monopolistic competition, which is a market structure in which several or many sellers each produce similar, but different products. (Mankiw, 2012) Each of the producers can set its price and quantity without affecting the market as a whole. Some good examples of these firms would be your fast food restaurants (Mc Donald's, Burger King, and Sonic). These restaurants all sell

burgers, but the product doesn't taste or cost the same. We have learned from reading this essay that in a monopolistic market uses their dominance to set their prices, so that they can maximize their profits. In my opinion, it seems that the main difference is that one market has to be competitive with other sellers and the others don't really have any competition so they can do pretty much as much as the government would let them. So if I have to enter a market it would be monopoly for the simple fact that it has the majority control and you don't have to really worry about competition, and make a good day for profits.