

Examples of real life markets

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Assignment Assignment A monopoly market refers to a market form where a single firm has absolute monopoly over a number of consumers; this means that the product being sold is being sold only by that particular firm and no else and thus there is no competition in the market for that particular commodity. The firm can thus place its price wherever it wishes to, and it may or may not take into account the demand of the people in order to supply. If the firm places the price of the product at a higher range then the consumers are bound to buy it at that price due to the lack of substitutes in the market or another firm selling the same product. This may be seen in real life in Apple's products; the company has its own selling propaganda - when it produced the iPad it was the only firm in the market to produce such a smooth tablet for the purpose of work as well as entertainment. Other companies later came out with similar products however it holds monopoly in the market even today for its high end and sophisticated products. A monopoly however will not always produce at a profit maximizing level because if it prices its products too high then it might not have any consumers at all; thus it needs to check the level of competition among the consumers as well as the other potential producers in the market before pricing its products.

Oligopoly on the other hand is a market that is dominated by a few suppliers (Oligopoly definition) for example in the case of cell phones, there are a few renowned companies like Nokia, Blackberry, iPhone, Samsung that dominate the market at a large level. They place their prices at somewhat the same as one another while bringing about innovation within their products to attract consumers. The demand thus is high however the supply is also at a

constant with the demand because of the number of suppliers and options available to the consumer.

References

Oligopoly definition. Investopedia. Retrieved 12 September 2012 .