

# Market power and the economy

Business



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## Introduction

This essay is an evaluation of the concepts of market power.

In addition, the company supplies other computer accessories such as hardware for example mouse and keyboard as well as software such as the Microsoft Office suite, which operates in all desktop and laptop computer models. By doing so, the firm has been able to create monotony in the computer industry by the virtue of their high-quality products that have acquired customer goodwill and loyalty all over the world (Fisher, 2007). In fact, the firm has been rated as one of the reputable companies that have produced the richest employees in the world, implying that it has the largest market share in the industry.

However, the firm's market power, in the long run, maybe compromised by the powerful IBM Company, which offers almost the same products as Microsoft Corporation (Fisher, 2007). This is due to the fact that IBM company, which is only second to Microsoft, has the capacity to offer stiff competition, thereby neutralizing Microsoft's market power even though in the short run, Microsoft company stays at the lead in the supply and development of computer software and hardware.

## Conclusion

Market power refers to the ability of a business to control the price and supply of a commodity in the market without the risk of losing customers to competitors. This may be as a result of monopoly in the supply of such commodity by a business, which offers less or no alternatives for customers

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who depend on the product. However, the ability of a business to maintain its market power, in the long run, depends highly on the lack of a strong competitor to offer a viable alternative to customers whenever they are threatened with unethical business practices such as refusal to deal, tying as well as predatory pricing. These are some of the harsh criticisms that Microsoft Company has faced over the years though there has not been a strong competitor to offer an alternative other than the IBM Company, which is yet to capture the attention of a significant number of computer users to enable it to neutralize Microsoft's influence.