

COMPETITIVE MARKETS

By the end of this lesson
you will be able to:



... and the firm

Shareholder:
limited amount
of profit

Lower
prices
More
choice
Better
quality



... and the consumer



... and the economy

Main characteristics:
competition, supply and
demand

Homework

- 1) write the key terms in your exercise book
- 2) Economics in practice, page 100, text book

Competition

Chapter 22
SdP

and the firm

and the consumer

and the economy

COMPETITIVE MARKETS

Chapter
22

By the end of this lesson
you will be able to:

- explain how competition works for firms
- explain how competition works for consumers
- explain how competition works for the economy



... and the firm

Disadvantages:
limited amount
of profit

- Lower prices
- More choice
- Better quality



and the consumer



... and the economy

Their disadvantage:
increases in cost of
production

ANY
QUESTION?

Homework

- 1) write the key terms in your exercise book
- 2) Economics in practice, page 100, text book



Competition

Chapter 22
SdP

and the firm

and the consumer

and the economy

Chapter 22

explain how
competition
works for firms.

explain how
competition works
for customers.

explain how
competition works
for the economy.

**By the end of this lesson
you will be able to:**

operating efficiently by keeping costs as low as possible

charging prices which are acceptable to customers

providing good quality products with high levels of customer service

innovating by constantly reviewing and improving the product



... and the firm

Disadvantage:
limited amount of profit

**INNOVATION
IS
PRODUCT
DIFFERENTIATION**

operating efficiently by keeping costs as low as possible

charging prices which are acceptable to customers

providing good quality products with high levels of customer service

innovating by constantly reviewing and improving the product



... and the firm

Disadvantage:
limited amount of profit

Disadvantage:
limited amount
of profit

Lower
prices

More
choice

Better
quality

Market
uncertainty

Disadvantage

Innov



... and the consumer

Market
uncertainty

Disadvantages

Lack
of
Innovation

... and the economy



Resources will be allocated more efficiently

Firms in competitive markets are more innovative

Main disadvantage:
resources might be wasted.

Main disadvantage:
resources might be
wasted.

ANY
QUESTION?

Homework

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HAVE
A **NICE**

WEEKEND