





COMPETITIVE MARKETS

















Competition

Chapter 22 SdP

and the firm

and the consumer

and the economy



explain how competition works for firms.

explain how competition works for customers.

explain how competition works for the economy.

Chapter 22

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 PRODUCT DIFFERENTIATION



operating
efficiently by
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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

Inno

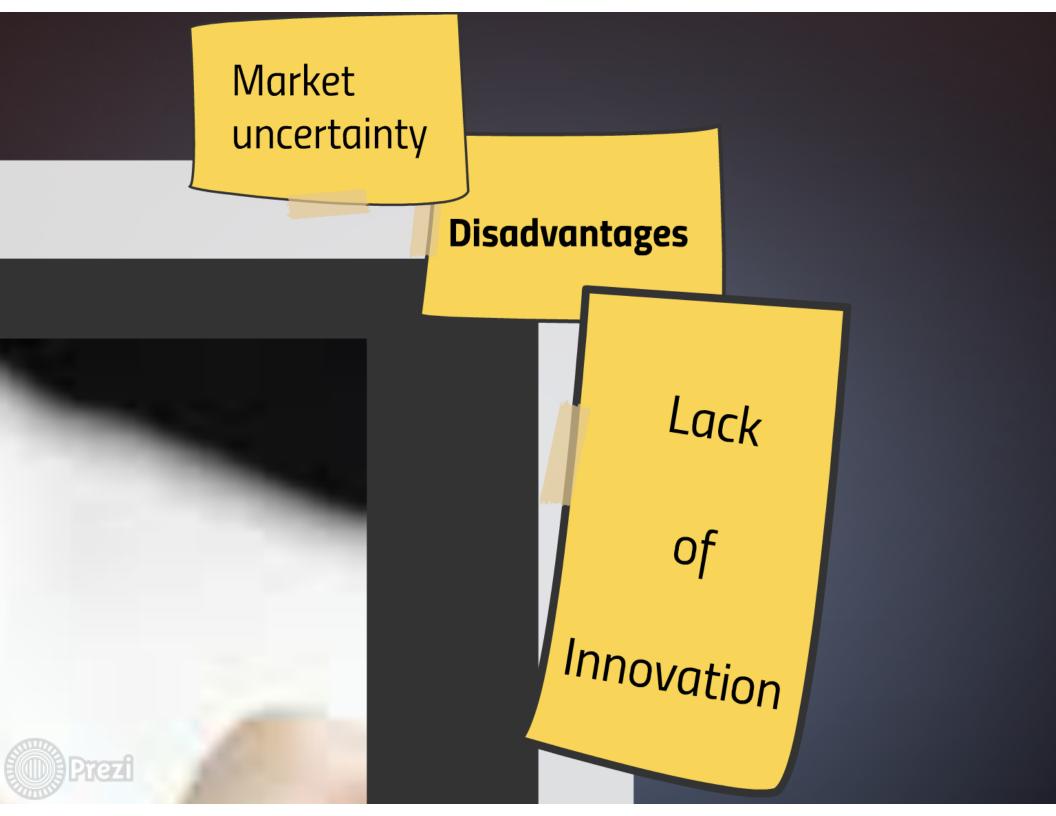
Lower prices

More choice

Better quality









Resources will be allocated more efficiently

Firms in competitive markets are more innovative



Main disadvantage: resourses might be wasted.



ANY QUESTION?

Homework

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



WEEKEND

