

Oligopolies

Student's Name

Institutional Affiliation



The screenshot shows a game interface with a 'History' section. At the top left, there are two blue oil barrel icons. The title 'History' is in a large, bold, black font. Below the title is a table with six columns: Round, Total Production, Your Production, Barrel Price, Cost Per Barrel, and Your Profit. The table has two rows of data. At the bottom of the interface, there are several icons: a game controller, a document with a plus sign, a clock, and a text 'Round 2/2 00:00'. On the right side, there are icons for a group of three people and a hamburger menu.

Round	Total Production	Your Production	Barrel Price	Cost Per Barrel	Your Profit
1	18	2	\$22	\$6	\$32
2	25	5	\$15	\$6	\$45

The increased obstacles to entry are the second characteristic that sets an oligopolistic market apart (Mankiw, 2021). Because of the high initial expenses and diminished competitive advantage you will have over already established enterprises, it isn't easy to enter a booming market. An attribute of oligopolistic markets that sets them apart is their interdependence. Interdependence occurs when the pricing or marketing tactics of another impact a firm. Companies frequently don't cut expenses in oligopolistic markets in an effort to obtain a competitive advantage.

Oligopolists must balance their impact on pricing and production when determining prices. The manufacturing effect of providing only one additional gallon will increase earnings when the price is higher than the marginal cost. In reaction to pricing adjustments, water firms are increasing output in order to improve overall sales without compromising profit margins. The

owner will boost production if the impact on output outweighs the impact on price. The owner won't increase production if the effects on cost outweighs the benefit.

Businesses that engage in oligopolistic behavior can be identified as monopolies by a number of essential traits. Minimal amounts of competition and significant entrance restrictions characterize oligopolies. In contrast, Monopolies allow for limitless opportunities to enter and leave the marketplace and a large number of small businesses providing comparable or identical products and services. An oligopolistic market is one where a handful of enterprises dominate the market. In their industry, very few companies have undue power, and those who do often collaborate to their detriment as customers. One of the best examples of monopolistic competition is the hotel industry. These companies are fierce competitors, but they all have something special that sets them apart.

Peer Responses

In your responses, comment on at least two posts from your peers by providing examples from the news of oligopolistic markets. Compare and contrast with examples of monopolistic competitive markets.

Response 01

Hey Jordan! You did a great job explaining the complexities of oligopolistic markets, like the high barriers to entry and the interdependence among firms. For instance, major airlines like Delta and United often demonstrate oligopolistic behavior as they set competitive prices that others in the industry usually follow, impacting overall market pricing strategies. On the contrary, the restaurant industry exemplifies monopolistic competition, where many establishments offer similar yet slightly differentiated products, allowing for easy market entry and exit (Dam, 2019). Each has unique traits affecting pricing and competition strategies.

Response 02

I have addressed the given instructions in one response. Following these instructions, you can quickly write your peer responses to Simulation Discussions without a hassle.

References

Mankiw, N. G. (2021). *Principles of Economics* (9th edition). Cengage Learning, Inc.