



How Markets Work – The Basics

Session 2 – Managerial Economics – Pr. Jeremy Ghez (ghez@hec.fr)

The background of the slide is a photograph of a modern building with large glass windows and a blue sky with light clouds. A large, solid blue rectangle is overlaid on the image, containing the text.

WHAT'S A MARKET?

INTRODUCING THE “MARKET”

What’s your market?



The existing one

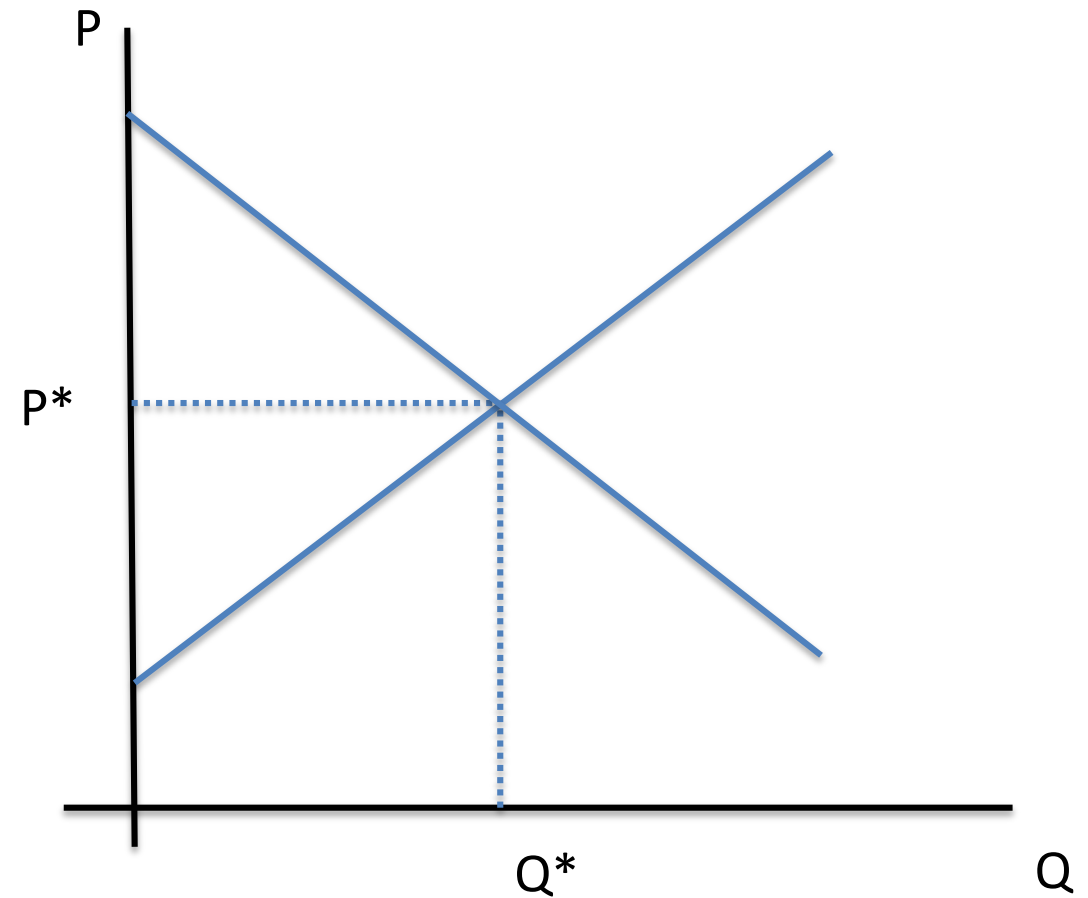


The future one



The missing one

THE MARKET: WHERE DEMAND MEETS SUPPLY



UNDERSTANDING YOUR MARKET

What's your market?

The very definition of the market you adopt is important as it will necessarily shape your strategy in a way you need to be aware of.

With alternative definitions, that account for different regions and different time horizons, you may be able to identify new opportunities.





LEARNING OBJECTIVES

WHAT WE AIM FOR IN THIS SESSION

At the end of the session, you should be able to...

Represent a market and its growing or shrinking opportunities

Understand what “demand” is and how it works

Understand what “supply” is and how it works

Explain how demand and supply can interact and shape market outcomes (the notion of “equilibrium”)



The image shows a large, dark blue rectangular screen or wall in a modern building. The screen displays the HEC Paris logo in white. The logo consists of the letters 'HEC' in a large, serif font, with a horizontal line passing through the middle of the 'H'. Below 'HEC', the word 'PARIS' is written in a smaller, sans-serif font. The background of the image shows a modern interior with a staircase on the left and a glass door on the right.

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