

COMPETITION

Types of competitive markets

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Competition

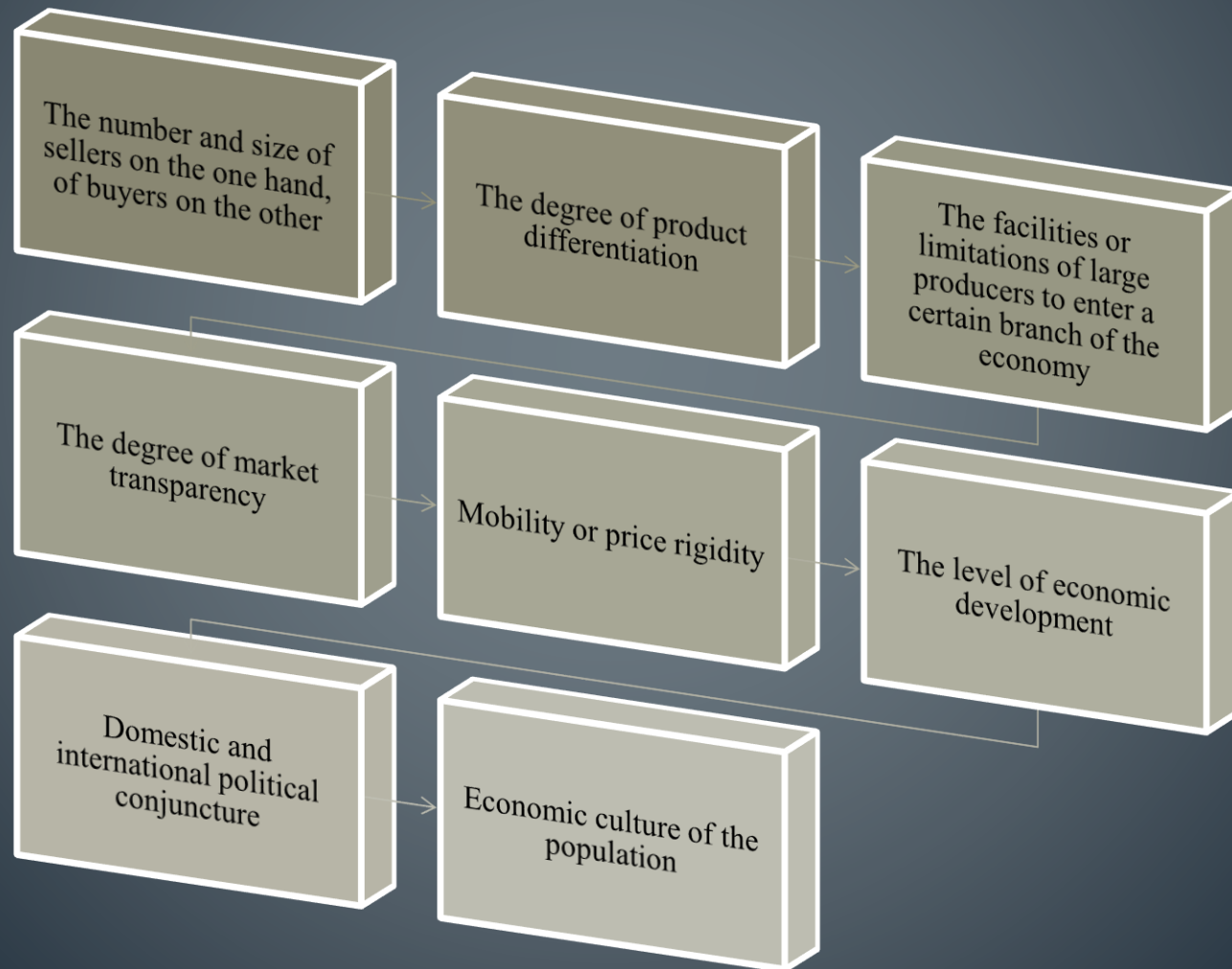
- Confrontation, economic rivalry between industrialists, bankers, traders, service providers to attract consumer customers through more convenient prices, better quality of goods, in order to obtain the highest and safest profits

Competition is considered the way to satisfy the interests of all participants in economic life

Peter Schifko

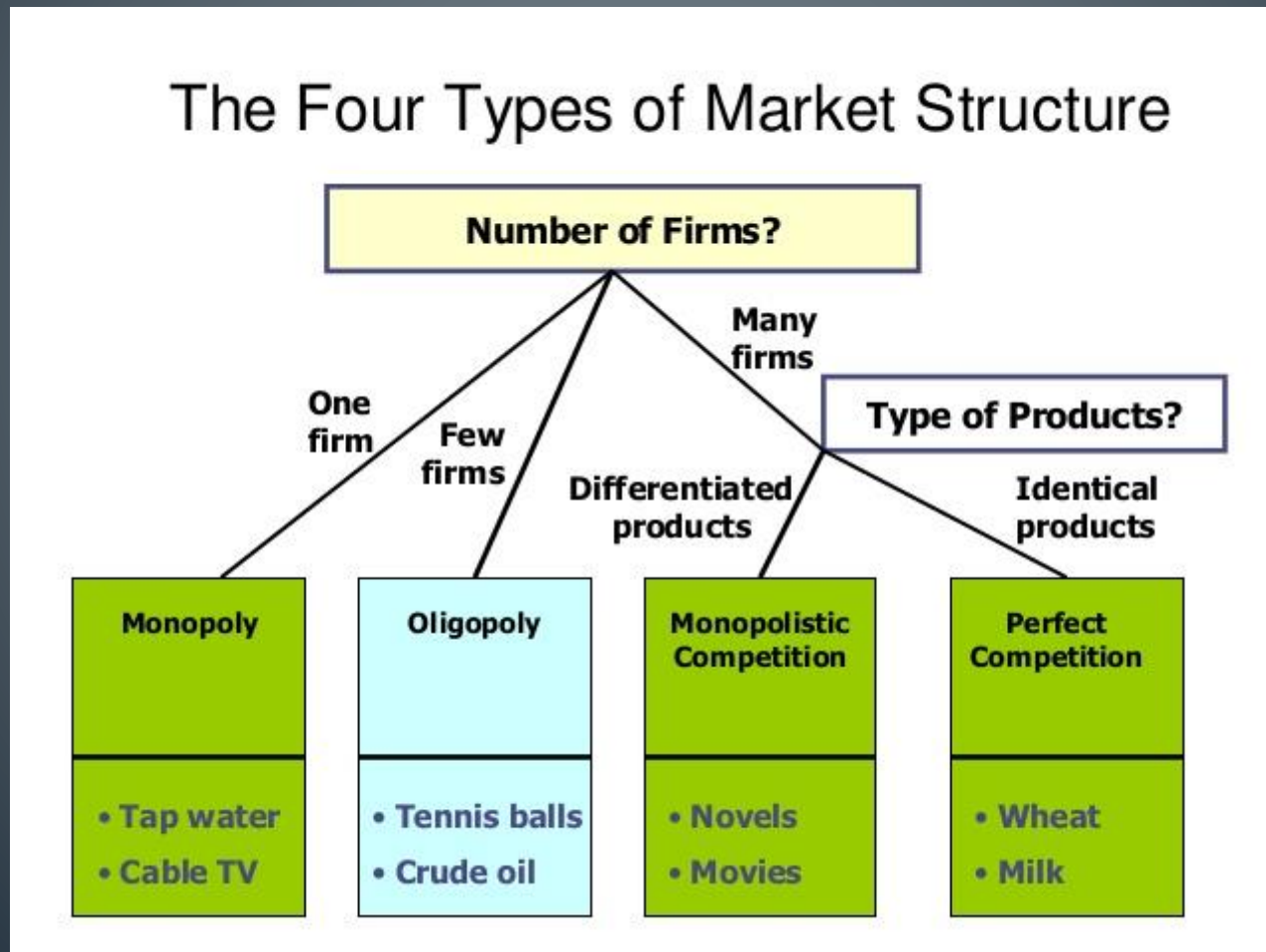
- *Competition coexists with monopolistic elements, it is multifaceted, because it is manifested not only by prices, but also by the way of producing, by the quality of products, by the sales policy and the policy regarding the factors of production. The competition is imperfect and by this very character it is dynamic and effective*

Factors influencing competition

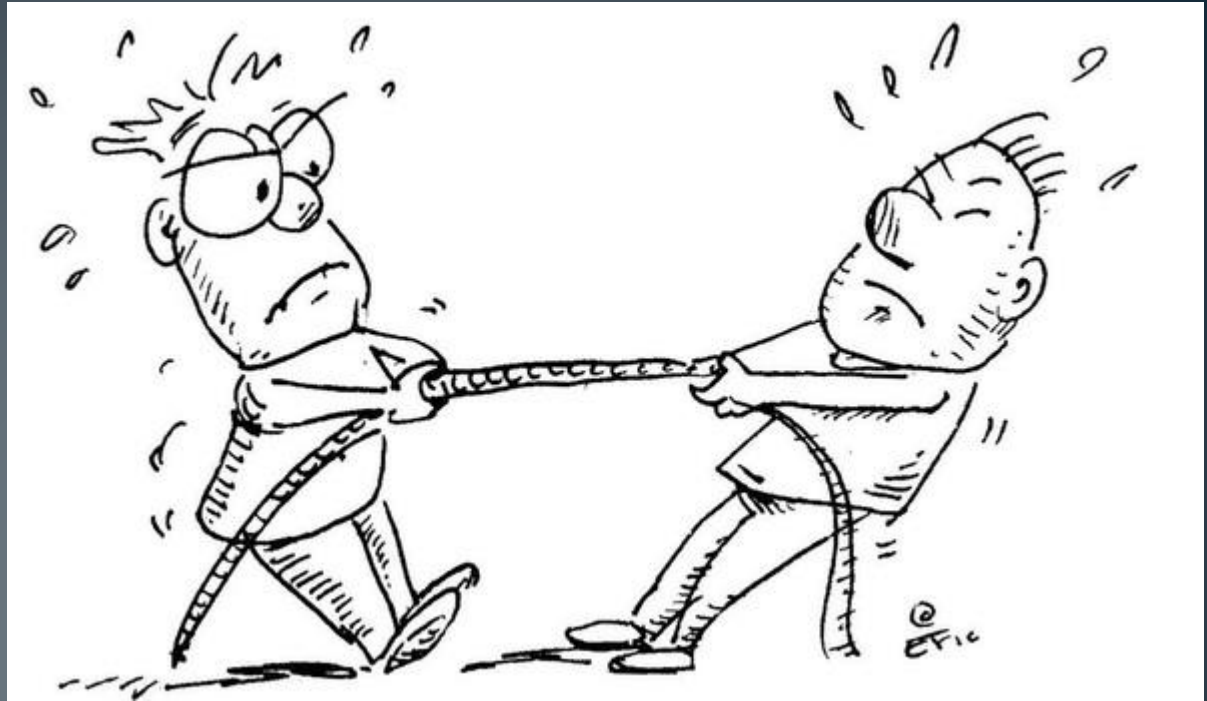


Competition

- In countries with a consolidated market economy, the following types of competitive markets have prevailed:



Perfect competition



- **Perfect competition is considered to exist only in theory, without a correspondent in practical life; is the type of market on which the interests of sellers and buyers are best satisfied and which simultaneously presents the following features:**
 - 1. the atomicity of supply and demand, which expresses the existence of many sellers and buyers of equal or appropriate economic power, so that none of them can influence the price decisively.
 - 2. the homogeneity of the products, which assumes that the goods offered are equivalent or almost identical, so that the buyer is no matter where he supplies.

Monopoly

- The monopoly is characterized by the fact that a single producer (seller), respectively a single consumer (buyer), imposes its conditions in relation to market partners.
- **Monopoly** expresses that market situation when a single bidding producer imposes its interests on a certain market
- **The monopson** characterizes that market situation, where a single consumer demands a certain good
- The **bilateral monopoly** expresses a market situation where a single producer meets a single consumer.

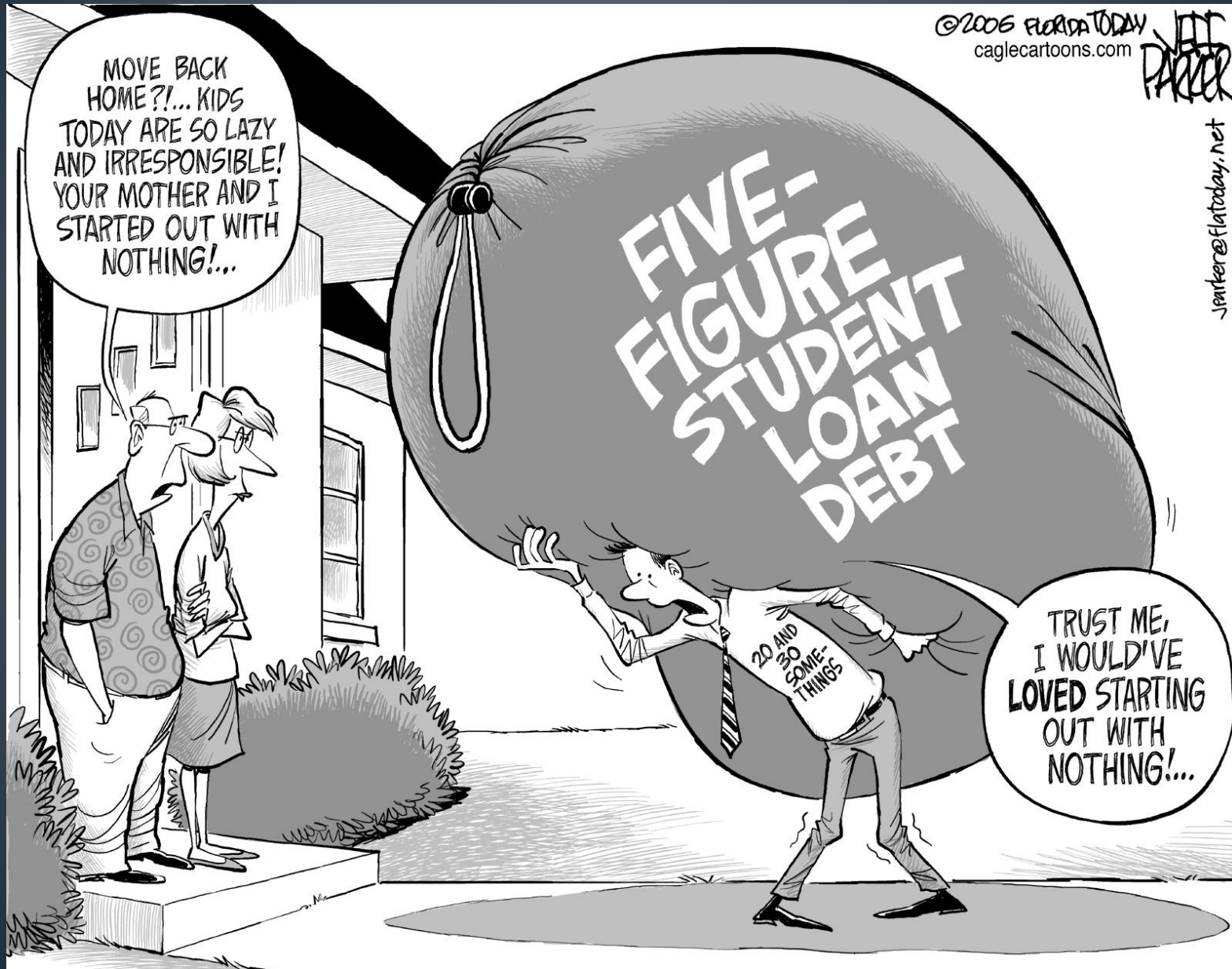


Monopolistic competition

A variant of the competitive market is monopolistic competition. It keeps all the characteristics of the market in perfect competition except for the homogeneity of the product, which is replaced by the differentiation of the product.

Monopolistic competition is manifested in the market by combining elements specific to the perfect market with others characteristic of the monopoly. Under these conditions, there are many producers and buyers but the products are differentiated so that the influence of market demand becomes the only way to increase profit.

Imperfect competition



Imperfect competition

- Economic agents, in their capacity as sellers or buyers, can influence through unilateral actions the relationship between the demand and supply of goods and the level and dynamics of prices.

Imperfect competition conditions

- Few relatively strong sellers and many small and scattered buyers
- Few buyers and many sellers
- The products are differentiated real or only imaginary, even by counterfeits
- There are conditions for different economic agents to exercise effective control over prices
- The emergence of new difficulties in terms of market entry of new producers
- Visible rivalries in the relationship with the public regarding the quality of products, the frustration of different ways of consumers

Imperfect competition



Forms of competition

Form of competition	Number of competitors	Barriers to entry	The product	Market knowledge
Monopoly	A competitor	Many barriers	There are almost no substitutes	Perfect
Oligopoly	Some competitors	Some barriers	Differentiated or homogeneous products	Imperfect
Monopolistic competition	Great	Few barriers	Produce differentiated products	More than an oligopoly; less than a monopoly
Perfect competition	Unlimited	None	Homogeneous products	Perfect

