

MARKET STRUCTURE

LESSON 4

WHAT HAPPENS IN A MARKET WHEN THE PRICE IS SET TOO HIGH?

- ◆ When prices are too high there is a **SURPLUS** where the quantity producers are willing and able to supply is greater than the quantity demanded. More product is available than people are willing and able to buy at that price.

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MARKET STRUCTURE

- ✓ Refers to the competitive environment in which buyers and sellers operate

COMPETITION

- ✓ Is rivalry among various sellers in the market.

MARKET

Is a situation of diffused, impersonal competition among sellers who compete to sell their goods among buyers who use their purchasing power to acquire the available goods in the market.



PERFECT COMPETITION

NUMBER AND SIZE OF BUYERS AND SELLERS

There are large numbers of buyers and sellers.

Sellers offer a standardized product, a homogenous good that is not different from others in the market.

The sellers can easily enter into or exit from the market as there are no barriers to entry to and exit from the industry.

TYPES OF PRODUCT

A homogenous product is sold by sellers.

Which means the products are highly similar in such a ways consumers will have no preference in buying from one seller over another.

The goods offered for sale are all exactly the same or are perfectly standardized.

THANK YOU

