

Market Structures Reference Sheet

Quick reference for the four market structures and consumer strategies

Feature	Perfect Competition	Monopolistic Competition	Oligopoly	Monopoly
Number of Firms	Many	Many	Few (3-5 major)	One
Product Type	Identical	Differentiated	Similar or Differentiated	Unique (no substitutes)
Entry Barriers	None	Low	High	Very High/Impossible
Price Control	None (price taker)	Some	Significant	Complete (price maker)
Consumer Impact	Lowest prices, most choice	Competitive prices, variety	Higher prices, limited choice	Highest prices, no alternatives
Examples	Agricultural commodities, stocks	Restaurants, retail, salons	Airlines, cell carriers, autos	Utilities, patented drugs

Consumer Strategies by Market Type

Perfect Competition

Strategy: Shop by price alone - products are identical

Example: Gasoline - use GasBuddy to find cheapest station

Monopolistic Competition

Strategy: Evaluate if differentiation is worth premium. Try alternatives regularly.

Example: Coffee shops - is Starbucks worth the extra cost?

Oligopoly

Strategy: Compare all players. Negotiate at renewal using competitor offers.

Example: Cell plans - threaten to switch for better deal

Monopoly

Strategy: Minimize consumption. Look for long-term alternatives.

Example: Electricity - LED bulbs, adjust thermostat, consider solar

Why Market Structure Matters for Personal Finance

- Affects the prices you pay for goods and services
- Determines your negotiating power as a consumer
- Influences product quality and innovation
- Impacts your employment opportunities and wages
- Helps you identify when you are being overcharged

Key Insight: Recognizing market structures helps you become a smarter consumer. More competition generally means better prices and more choices. When competition is limited, look for consumer protections and alternative solutions.