

# Market Structures Practice Worksheet

Practice exercises for structure classification, consumer surplus, and negotiation planning

## Part 1: Identifying Market Structures

**Instructions:** For each business/industry, identify the market structure (Perfect Competition, Monopolistic Competition, Oligopoly, or Monopoly) and explain your reasoning.

### 1. Local electric utility company

Market structure and reasoning...

### 2. Fast food restaurants (McDonald's, Burger King, Wendy's, etc.)

Market structure and reasoning...

### 3. Farmers selling corn at a commodity exchange

Market structure and reasoning...

### 4. Smartphone manufacturers (Apple, Samsung, Google)

Market structure and reasoning...

### 5. Coffee shops in your neighborhood

Market structure and reasoning...

## Part 2: Consumer Surplus Scenarios

**Instructions:** For each scenario, analyze the market structure and how it affects your consumer surplus (the difference between what you're willing to pay and what you actually pay).

### Scenario A: Internet Service

You need internet service for your apartment. There's only one provider in your area charging \$80/month. You value internet at \$100/month.

- a) What market structure is this?

Your answer...

- b) What is your consumer surplus?

Calculate: Value - Price = \$...

- c) What consumer protections might help you?

Your answer...

- d) What long-term alternatives could you consider?

Your answer...

### Scenario B: Smartphone Purchase

You're buying a new smartphone. Three major brands (Apple, Samsung, Google) dominate 90% of the market. You value a good phone at \$900, and prices range from \$700-\$1200.

- a) What market structure is this?

Your answer...

- b) How does this affect your bargaining power?

Your answer...

- c) What strategies can you use to maximize your consumer surplus?

Your answer...

### **Scenario C: Generic Medication**

You need ibuprofen for headaches. Store brand costs \$4, Advil costs \$12. Both contain the exact same active ingredient in the same dosage.

- a) What market structure is this?

Your answer...

- b) Which should you buy and why?

Your answer...

- c) Why does the brand name cost more if the product is identical?

Your answer...

## Part 3: Match the Strategy to the Market Structure

**Instructions:** Match each consumer strategy (A-D) with the appropriate market structure (1-4).

### Market Structures:

1. Perfect Competition
2. Monopolistic Competition
3. Oligopoly
4. Monopoly

### Consumer Strategies:

- # A. Minimize consumption; look for long-term substitutes
- # B. Shop by price alone; use comparison apps
- # C. Negotiate at renewal; use competitor offers as leverage
- # D. Evaluate if differentiation is worth the premium

## Part 4: Negotiation Planning

**Instructions:** Choose an oligopoly service you currently use and create a negotiation plan.

### Your Negotiation Plan

Service to negotiate (e.g., cell phone, car insurance, internet):

Enter service...

Current provider and monthly cost:

Provider: \$XX/month

Competitor offers you've researched:

List at least 2 competitor offers with prices...

Your negotiation script:

Write what you'll say when you call to negotiate...

Target savings per month:

\$

When will you make this call?

Date/time...

## Part 5: Personal Application

List 3 monopolistic or oligopolistic markets you interact with regularly. For each, describe how the market structure affects prices and your options:

1. [Market/Service]:

Market structure:

How it affects me: