

# 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...

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

Market structure and reasoning...

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

Market structure and reasoning...

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

Market structure and reasoning...

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### 5. Coffee shops in your neighborhood

Market structure and reasoning...

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## 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:

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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):

Current provider and monthly cost:

Competitor offers you've researched:

Your negotiation script:

Target savings per month:

When will you make this call?

## 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:

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