3rd Market Structure: Oligopolies

| Explain Oligopolies | A market structure in which a few large sellers control most of the production of a good or service |
| --- | --- |
| 1st Characteristic | The critical characteristic of an Oligopoly is the presence of only a few large sellers  A market is considered an oligopoly when the largest three or four sellers produce most(maybe 70% or more) of the market’s total output |
| 2nd Characteristic | Sellers offer identical or similar products |
| 3rd Characteristic | Difficult Market Entry  Significant Barrier to Entry  Ex:To much established competitors, customer loyalty, technical know how, trying to raise enough capital |

List & Insert A Photo Of 3 Industries That Would Be An Oligopoly

**Industry** **Photo That Represents That Industry**

| Automobile Industry | 6 Interesting Facts About the Automobile Industry – SLIPLO |
| --- | --- |
| TV Networks Industry | The TV Industry Is Stumbling Toward Customer Centricity |
| Streaming Services | Cedars | Streaming Services: The Binging Revolution and Its Consequences |

Shop for a pair of sunglasses online.

| Insert a photo of the sunglasses -> |  |
| --- | --- |
| Insert the web address for where you could buy the sunglasses -> | https://www.amazon.com/dp/B0176GC8XW/ref=redir\_mobile\_desktop?\_encoding=UTF8&aaxitk=e4326e14d448862b232bff5a075dd77c&hsa\_cr\_id=1491583980101&pd\_rd\_plhdr=t&pd\_rd\_r=c489395f-e4a7-4889-a222-8d5043ab9c98&pd\_rd\_w=hqEeP&pd\_rd\_wg=Cj3rL&ref\_=sbx\_be\_s\_sparkle\_lsi4d\_asin\_0\_title |
| How much do those sunglasses cost? | $23.50 |

[Oligopoly 60 Minutes Video](https://www.youtube.com/watch?v=voUiWOGv8ec&t=2s)

| What is the company (not the brand) that the video is about? | The video is about how they manufacture and sell different types of glasses and sells. It owns so many different chains Luxxerat is the company |
| --- | --- |
| Insert a photo of the product that they produce | Ray-Ban Original Wayfarer Classic RB2140 Black - Acetate - Green Lenses -  0RB2140 50 901 | Ray-Ban® USA |
| List **& explain** 1 barrier to entry that makes it difficult for competitors to find success in this industry | 1 barrier to entry is that the price of the glasses is too expensive, it cost 300 dollars. If there is a hgiher price there is less competition and less competition means that people would get bored. There will not have enough goods or services. Businesses will not innovate their product as much |
| Because of this company dominating this industry, explain how this impacts the price that people pay for their products | This impacts the price, the price goes down, because they are trying to make more. Higher the price, the less competitors there are |

Competition Vocabulary

| What is a collusion? | When sellers secretly agree to set product levels or pieces for their products. |
| --- | --- |
| Why do more companies not engage in collusion? | Illegal and carries heavy penalties such as fines and even prison sentences |

| Define “Cartel” | Where companies openly organize a system of price setting and market sharing |
| --- | --- |
| Type and insert a photo of a product that cartels produce | Illustrated Glossary of Organic Chemistry - Petroleum (oil; crude oil)  OPEC- Organization of Petroleum Exporting Countries |
| Type and insert a photo of a 2nd product that cartels produce | How we created diamonds within minutes  De Beers Diamonds Market Share |

4th Market Structure: Monopolies

| Define “Monopoly” | Where a single seller controls all production of a good or service |
| --- | --- |

| 4 Conditions of a Monopoly | 1)A Single Seller |
| --- | --- |
|  | 2)No Close Substitute |
|  | 3)Difficult Market Entry |
|  | 4)Seller has a great deal of Price Control |

| Explain a “Natural Monopoly” | Natural Monopoly-Sometimes having competition in an industry can be inefficient and not in the public best interest. The government will sometimes grant or allow some companies a Natural Monopoly |
| --- | --- |
| What is an example of a Natural Monopoly? | Utility Companies |
| Why does the government allow natural monopolies? | Enormously expensive, require construction, essential for the public .Regulated by the government |

Other Monopolies

| What is a patent? | Grants a company or individual the exclusive right to produce, use, rent, and sell invention for 20 years |
| --- | --- |
| Why does the government allow patents? | To motivate ingenuity, variety, and creativity. To give incentive to invent products |
| Insert a photo of something that must be patented (don’t use the one in our presentation) | Amazon.com: grinderPUNCH Futuristic Cyclops Sunglasses | Funny Robotic  Costume Glasses Mirrored Mono Lens (Black, Blue Mirror) : Clothing, Shoes &  Jewelry |

| What is a copyright? | Protects the work of authors, musicians, and artists |
| --- | --- |
| Why does the government allow copyrights? | The make peopleś lives better, to protect the work of the people, and encourage people to be creative |
| Insert a photo of something that has a copyright | How Universal Re-Copyrighted Frankenstein's Monster - Plagiarism Today |

Expanding A Business: Mergers

| Explain what a horizontal merger is | Merging two companies within the same industry  They produce the same product  Difference between a merger and partnership where the merger acquires and buys a company from the other while partnership agree to work together |
| --- | --- |
| Insert 2 photos of two companies (not mentioned in our presentation) that have merged or if they merge, would be a horizontal merger | Georgia Mid-Century Modern Banks | RoadsideArchitecture.comEagleBank - SilkRoad Technology |

| Explain what a vertical merger is | Merger of two companies that are different stages in the same production process |
| --- | --- |
| Insert 2 photos of two companies (not mentioned in our presentation) that have merged or if they merge, would be a vertical merger | Disney.com | The official home for all things Disney |

| Explain what a conglomerate merger is | Merger of two companies that are different businesses |
| --- | --- |
| Why would GE be an example of a conglomerate? | Pepsci Cola 1,5lPepsiCo Home |