

Intro Microeconomics | Vignette E4

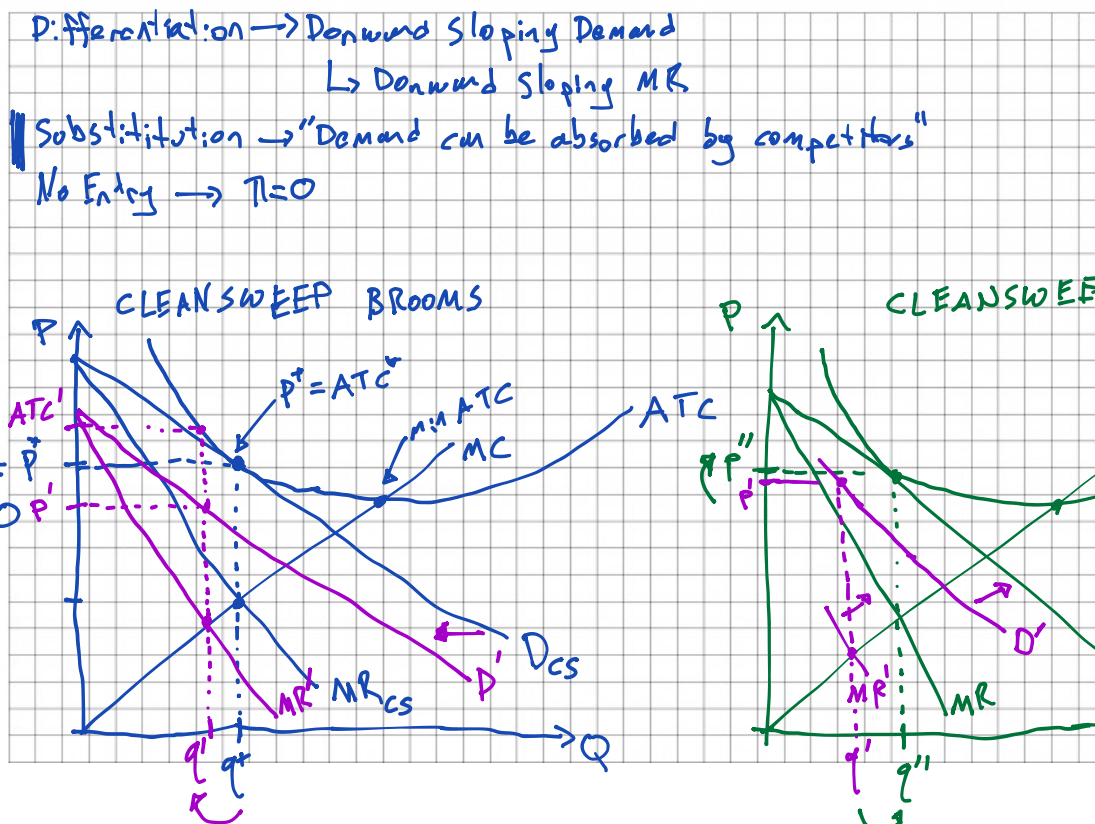
November 8, 2022

Numbus 2000

Not Homogeneous!

Broomsticks are a branded product in the quidditch community, with each of the many broomstick makers producing broomsticks with slightly different handling and acceleration characteristics. Cleansweep Broom Company had been in the business for a long time and few, if any, new broomstick makers had opened.

This all changed when the Numbus 2000 entered the market. Some said it was a better product than its competitors, but many still preferred the broomsticks they were familiar with. Using a graph to illustrate your answer, tell the story of the broomstick makers like the Cleansweep Broom Company. Be sure to finish in a long run equilibrium.



SHORT RUN CONCLUSIONS

- $P \downarrow$
- $q \downarrow$
- $\pi < 0$

LONG RUN CONCLUSIONS

- $\pi < 0 \Rightarrow \text{Exit}$
- $\text{Exit} \Rightarrow D \rightarrow$ "Fewer Alternatives"
- $MR \rightarrow$
- $P \uparrow, q \uparrow$
- $\pi = 0$