

Step 1: Presentation of market structures

Video

1. Quote and explain each characteristic from the perfect competition.

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-
-

What is missing from the perfect competition?

2. Fill in the following definitions:

Monopoly means there or a producer in the market. In this case there is no for his product. Furthermore, there are entry/ exit barriers which are either high or legal protection such as a of corporate.

Monopolistic competition occurs when firms are still and they can enter/ exit in the market freely. However they do not produce exactly the product, in other words the products are not (use the example of the toothbrush).

Oligopoly means there is a producers making up the market. It is hard to enter in the market but not impossible to get in

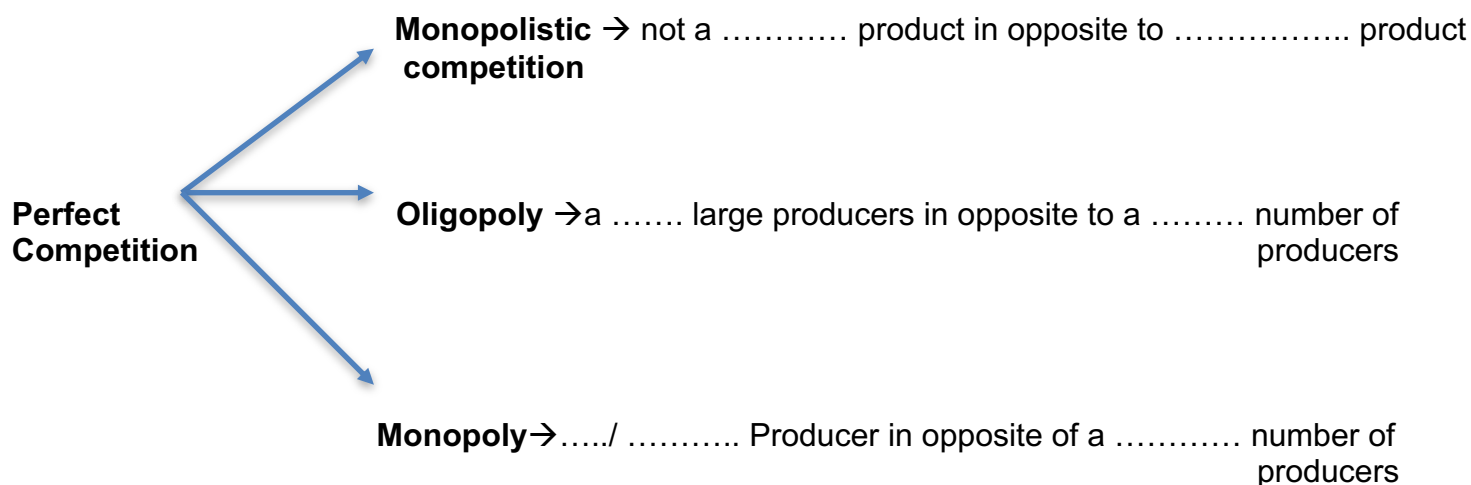
3. Why is oligopoly the most complicated type of market structures to operate?

Because oligopoly involves a between producers, i.e. the action of everyone everyone else.

4. For each case of market structures quote the degree of power in the market:

1. Perfect competition	2 Monopolistic competition	3 Oligopoly	4 Monopoly
None power Firms do not have the ability to the price because: - firms are too - everyone else produce exactly the product	Small amount of market amount of market power	Complete market power means a total on the price

5. Compare perfect competition to the other cases of market.



6. Why does perfect competition seem better than the other market cases?

Perfect competition sounds the best market structure because the competition between a large number of sellers involves a in the price product in favour of the consumer. The other cases are market failures.

Sum up

Fill in the diagram below:

<div style="text-align: center;"> </div>			
1..... competition	2 competition	3	4
↓	↓	↓	↓
Examples :

Step 2: An example of oligopolistic market structure: Supermarkets industry in the UK.

Christmas sales a welcome boost for retailers 13/01/2015

The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 4 January 2015, show that increased consumer spending over Christmas helped the grocery market grow at its fastest rate since August 2014.

Fraser McKevitt, head of retail and consumer insight at Kantar Worldpanel, explains: "Shoppers chose to buy a little bit more this Christmas compared with last year, a trend which has pushed sales growth up to 0.6%. This is low in historical terms, but a rally for the supermarkets compared with recent months.

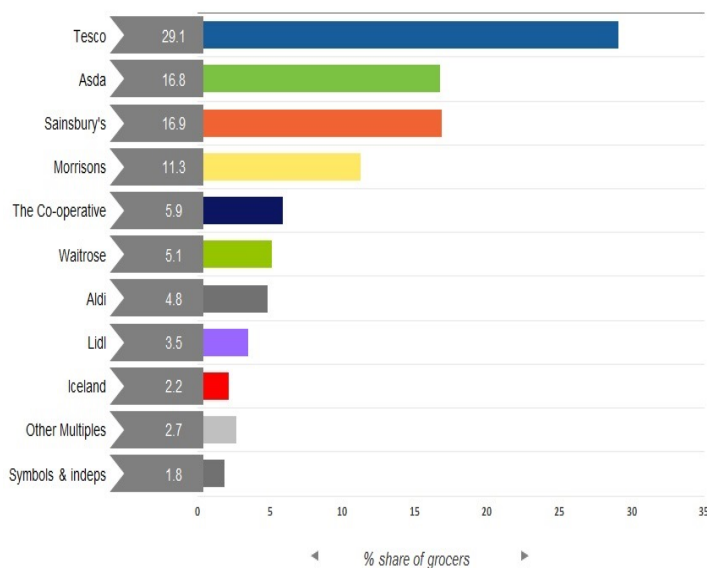
"Shoppers were the big winners at Christmas with cheaper grocery prices encouraging them to spend more at the tills. Like-for-like prices have fallen by 0.9% due to lower commodity costs and an ongoing price war which has continued as the large retailers battle for market share."

Competition between the grocers has been fierce and there is now a gap of just 0.9% sales growth separating the four largest retailers. Such a tightly fought race is unprecedented in records dating back to 1994.

Fraser McKevitt continues: "Sales at Sainsbury's fell by 0.7% over the latest period, but in a tough market this was the best performance among the big four supermarkets. Sainsbury's traditionally performs well at Christmas, and its seasonal boost this year means it is now Britain's second largest grocer for the first time with market shares of% since it lost the position in 2003. Given the seasonal nature of this share increase there is a high likelihood that Asda will retake the number two spot later in the year."

Tesco's sales fell 1.2% compared with last year, but this is their best performance since March 2014 and represents a notable improvement. Although revenue declines are slowing, Tesco continues to lose market share, down to% from 29.6% a year ago. Sales fell by 1.6% at both Asda and Morrisons.

While the bigger supermarkets have continued to find the market tough, Aldi and Lidl have grown by 22.6% and 15.1% to finish the year with market shares of% and% respectively. Half of all British households visited at least one of the two retailers over the past 12 weeks. Waitrose also maintained its strong run as sales rose 6.6% to take its market share to%.



Kantar Worldpanel said there were mixed fortunes for the big four supermarkets

<http://www.kantarworldpanel.com/global/News/Christmas-sales>

Help box

insight: perspicace

rally: rassemblement

Like-for-like : on a comparable basis

commodity: merchandise

fierce: féroce, tough

1. According to the chart data fill in the blanks in the text.
2. Concentration ratios provide a good indicator of oligopolistic market structures. For example, a five-firm concentration ratio shows the percentage of output in an industry produced by the four largest firms in the industry. Apply this definition in order to calculate the four-firm concentration ratio in the UK supermarket industry from the market share data shown in the chart.
3. Why are shoppers "the big winners at Christmas"?
4. Find out the main advantages and disadvantages of the oligopolistic market structure.

Supermarkets industry in the UK.

Correction: fill in the blanks

1. cf text

2. The UK supermarket sector is increasingly dominated by afirms, led by Tesco, Sainsbury and ASDA. The supermarket sector is oligopolistic.

The supermarket industry in UK is believed that an oligopoly market and it is highly competitive by few large firms. The main four firms in supermarket industry nearly dominate 75% of the whole market share: in January 2015, the four-firm concentration ratio is $= 29.1 + 16.8 + 16.9 + 11.3 = \dots\dots\dots\%$. They are Tesco, Sainsbury, Asda and Morrison's. The characteristics of oligopoly are the supplies in the industry are owned by some relatively firms; firms must beand barriers to entry the industry.

3. Shoppers are the big winners at Christmas because they could enjoy the of prices due to lower commodity cost and a price between the largest supermarkets in the UK. As a result, the fall in goods prices has generated an increase of consumer's power.

4. The advantages and disadvantages will be analyzed with the oligopoly characteristics and some principles of oligopoly.

The characteristics and function of oligopoly bring some **benefits** to the market and consumers.

- First of all, in oligopoly, the supply in the industry is mostly in the hands of relatively few firms. In other words, the majority of supply is held by very little number of companies'.

For instance, In the UK, the four big firms hold a verypercentage of the supply in supermarket.

Therefore, the four supermarkets can gain huge to develop of scale which can help company to lower the cost in overheads due to their power and knowledge in this area. This can directly money and avoidof resources which is good for society, especially for the UK.

- Secondly, the companies in the oligopoly are interdependent. This means if a large firm has an action in the market, it will cause a big on the other large company in oligopoly. In the oligopoly, the main competition between the firms iswar. The consumers will prefer to see price war because they can purchase goods in a price than before. However, the price is stabled in most of the oligopoly market. Because a stable price is good for all the big firms in the market by avoiding price war and also benefit to consumers in a unchanged good price. This can also be called as price

- Lastly, there are high barriers for the oligopoly. The firms in oligopoly will use their economies of to lower the price as they can toother companies to get in the market and take away their market share.

The oligopoly has some **disadvantages** to the market and consumers.

- The first one is the barriers are too for other competitor to get in the oligopoly market. Therefore, it makes the level of **competition** becomeand it directly influences the attitudes of the firms and the speed of development that the firm may not provide good service to the consumers.

- Another disadvantage of oligopoly is the large companies may collude as a to make some policy to the goods together for gaining moreprofit. This is known as collusive oligopoly For instance, the big firms may collude together to the price unfairly. Therefore, they can get profit due to the rise in price by the oligopoly. This isfor consumer because they have to pay to the goods which may be not the standard price.

PRESENTATION OF A SUPERMARKET INDUSTRY AS AN EXAMPLE OF AN OLIGOPOLISTIC MARKET STRUCTURE

TASKS FOR TEAMS: 2 (2) and 3 (4) students per team

STEP ONE: PERFORM A SLIDESHOW

Each team picks out one of the 3 activities in order to carry out a slideshow.

Teams 1-2 (2):

Activity 1:

- Explain what the oligopolistic market structure is.
- Show that the supermarket industry in France is a good example of this type of structure, using relevant data.
- Present one of the five-biggest supermarket company in France:
 - the supermarket's date of birth;
 - the current Chairman;
 - some accurate data such as Financial performances (total revenue, profit, sales ...), employment, stores
 - Business strategies and objectives: What kind of products they sold? Where do they operate? only in Sweden, in the world? ... and any relevant information about the company.

Team 3- 4 (3):

Activity 2:

- Present the main advantages of an oligopoly market
- Show that the supermarket industry in the UK is a good example of this type of structure, using relevant data.
- Present one of the five-biggest supermarket company in the UK:
 - the supermarket's date of birth;
 - the current Chairman;
 - some accurate data such as Financial performances (total revenue, profit, sales ...), employment, stores
 - Business strategies and objectives: What kind of products they sold? Where do they operate? only in the UK, in the world? ... and any relevant information about the company.

Team 5 – 6 (3):

Activity 3:

- Present the main disadvantages of an oligopoly market.
- Show that the supermarket industry in the USA is a good example of this type of structure, using relevant data.
- Present one of the five-biggest supermarket company in the USA:
 - the supermarket's date of birth;
 - the current Chairman;
 - some accurate data such as Financial performances (total revenue, profit, sales ...), employment, stores
 - Business strategies and objectives: What kind of products they sold? Where do they operate? only in the USA, in the world? ... and any relevant information about the company.

Finally, produce a dynamic and grasping oral presentation from a slideshow sent before the 5th of April via ATRIUM.

STEP TWO: ORAL PRESENTATION, Monday, 2024.04.8-15

Each team should present their slideshow orally for around 6-8 minutes, to the others who must take notes from the presentation. Papers will be collected.

1 DNL
NAME:

Notes on oral presentation on April 2024

Example:

1. Explain what the oligopolistic market structure is.

2. Show that the food retail market in is a good example of this type of structure, using relevant data.

3. Present one of the three-biggest chain-stores in,:
 - The supermarket's date of birth:

 - The current Chairman:

 - Some accurate data such as Financial performances:

Total revenue	
Profit	
Number of employees	
Number of stores over the countries	

- Business strategies and objectives:
 - * What kind of products they sold?

 - * Where do they operate? only in, in the world?

 - * Any relevant information about the company:

Conclusion: Evaluate the oral presentation

Answer the followings and justify for each one:

- Is it a grasping presentation?

- Extract the more important information from this company.

- What another information of this company would you wish?

- What is it the more valuable on this presentation? The less one?

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