

Monopolistic Competition – KRUGMAN AND WELLS POWERPOINT –UNIT:5

Monopolistic Competition is the third type of business structure a firm can compete under. It is also the most typical.

Answer the following questions based on the ppt. slides from Krugman / Wells on Monopolistic Competition:

1. How is monopolistic competition (MC) similar in structure to perfect competition?
2. In what ways is MC similar to how a monopoly acts?
3. Why is product differentiation so vital to the success of a Monopolistic competitive firm?
4. In what ways does a MC firm express product differentiation?
5. When firms enter or exit the monopolistically competitive market, which curves will shift on the firm graph?
6. What is “excess capacity” for a MC firm?
7. What is meant by “branding” in advertising?