	Perfect competition	Monopolistic competition	Oligopoly	Monopoly
Number of firms	Many	Many	Few	One or two
Entry into the industry	Easy, perfectly contestable	Easy	Barriers	High barriers
Products	Homogeneous	Differentiated	Varied	Lack of close substitutes
Pricing policy	Price taker	Price maker	Price maker	Price maker
Profit maximisers	Yes	Yes	Not necessarily	Yes
Profits	Abnormal profit only in short run	Abnormal profit competed away in the long run	Yes	Both short and long run
Non price competition	No	Yes	Yes	Yes
Choice for consumers	Yes	Yes	Yes	No

Table 3.1 Features of competitive market structures: a snapshot

Self-assessment tasks

Study the information below and then answer the questions which follow.

1 In December 1997, the former Monopolies and Mergers Commission presented a report to Parliament on the foreign package holiday market and the role of travel agents. It estimated that there were over 1000 tour operators and 2100 travel agents with a total of 6935 retail outlets involved in a business worth £5 billion in 1996. The structural characteristics of the market are illustrated in the following data.

Airline company used	Tour operator	Market share %	Travel agent	Market share %
Britannia	Thomson	24.6	Lunn Poly	23
Airways	Airtours	15.9	Going Places	16
Air 2000	First Choice	10.1		
Airworld	Thomas Cook	4.2	Thomas Cook	12
Caledonian	Inspirations	2.3	A T Mays	6
	Cosmos	1.9	Co op	8
	Flying Colours	1.8	Others	35
	Others	39.2		

(a) Calculate the 3 and 5 firm sales concentration ratios for tour operation and for the retail travel agent business.
(b) What other measures of concentration might you use in this case if you were able to obtain data?
(c) Why might the Monopolies and Mergers Commission have been interested in investigating the relationships between tour operators and travel agents?

2 Read the following short case study opposite and then answer the questions below.
(a) Explain using examples relevant to this case, what is meant by the term low overheads.
(b) Using economic theory, explain why price rises will not make a fish and chip shop owner better off.
(c) How would behaviour differ, if the owner was in a local monopoly situation?
(d) Discuss the non-price methods of boosting revenue. What will determine their success in this case?
(e) Suggest three reasons why the barriers to entry are low in this example.
(f) Explain why a fish and chip shop owner may not be a profit maximiser.