

Oligopoly Long Questions

1999 Q2

- (a) What is meant by an oligopolistic market?
Give **TWO** examples of industries considered oligopolist in Ireland. (20 marks)
- (b) (i) Explain with the aid of a diagram the shape of the demand curve of a firm in oligopolistic competition.
(ii) Hence, explain what is meant by the term 'Rigidity of Prices'. (30 marks)
- (c) (i) Distinguish between price competition and non-price competition.
(ii) Which form of competition do you consider to be better for the buyer?
Give **TWO** reasons for your answer. (25 marks)

2003 Q1

- (a) Outline **THREE** key features of an oligopolistic market and state **ONE** example of an oligopolistic market in Ireland. (20 marks)
- (b) With the aid of **ONE** clearly labelled diagram:
(i) Explain the shape of the demand curve facing a firm in oligopoly.
(ii) Explain the relationship between this demand curve and the firm's marginal revenue curve.
(iii) Explain the long run equilibrium position of this firm. (40 marks)
- (c) Explain **THREE** methods by which firms in oligopolistic markets may collude. (15 marks)
- [75marks]

2006 Q2

- (a) State and explain **THREE** key features of an oligopolistic market. (15 marks)
- (b) With the aid of **ONE** clearly labelled diagram:
(i) Explain the shape of the 'kinked demand curve' under oligopoly.
(ii) Explain the long run equilibrium position of a firm facing a 'kinked demand curve'.
(iii) Explain what is meant by the term 'rigidity of prices' under a 'kinked demand curve'. (35 marks)
- (c) (i) Explain **THREE** types of collusion which may occur in an oligopolistic market.
(ii) Do you believe that the Irish retail market for banking services (e.g. personal current accounts.) operates under oligopolistic conditions? Explain your answer. (25 marks)
- [75 marks]

2010 DEB Q2

- (a) (i) State and explain **three** key features of an **oligopolistic market**.
(ii) Give **two** examples of industries considered oligopolistic in Ireland. (20 marks)
- (b) With the aid of **one** clearly labelled diagram:
(i) Explain the shape of the demand curve facing a firm in oligopoly.
(ii) Explain the relationship between the demand curve and the firm's marginal revenue curve.
(iii) Explain the long run equilibrium position of this firm. (35 marks)
- (c) Oligopolistic firms tend to engage in non-price competition.
(i) Explain the underlined term.
(ii) Outline **two** benefits of non-price competition to consumers.
(iii) Outline **two** reasons why consumers prefer price competition. (20 marks)
- [75 marks]**

2010 EC Q1

- (a) State and explain the key features of an **oligopolist market**. (25 marks)
- (b) Using **one** clearly labelled diagram:
(i) Explain the shape of the demand curve facing a firm in oligopoly.
(ii) Explain the long run equilibrium position of this firm. (30 marks)
- (c) Explain what is meant by the terms "**rigidity of prices**" and "**price constancy**" in oligopoly. (20 marks)
- [75 marks]**

2011 EC Q2

- (a) (i) State and explain **three** key features of an **oligopolistic market**.
- (ii) Give **two** examples of industries considered oligopolistic in Ireland. (20 marks)
- (b) With the aid of **one** clearly labelled diagram:
- (i) Explain the shape of demand curve facing a firm in oligopoly.
- (ii) Explain the relationship between this demand curve and the firm's marginal revenue curve.
- (iii) Explain the long run equilibrium position of this firm. (35 marks)
- (c) Oligopolistic firms tend to engage in **non-price competition**.
- (i) Explain the underlined term.
- (ii) Outline **two** benefits of non-price competition to consumers.
- (iii) Outline **two** reasons why consumers prefer price competition. (20 marks)
- [75 marks]

2011 Q2

- (a) *Some Telecoms' analysts believe the main mobile operators in Ireland – Vodafone, O2, Meteor and 3 – control an oligopoly and have little reason to make the market really competitive. (The Irish Times, November, 2010)*
- (i) Outline **three** key features of an oligopolistic market.
- Firms in an oligopolistic market may have objectives other than profit maximisation.
- (ii) Outline **two** objectives firms in oligopoly may have, other than achieving the maximum level of profits. (25)
- (b) Using **one** clearly labelled diagram:
- (i) Explain the shape of the 'kinked' demand curve facing a firm in oligopoly.
- (ii) Explain the long run equilibrium position of this firm. (25)
- (c) It is suggested that consumers prefer price competition in the market place, yet there are benefits for consumers arising from non-price competition.
- (i) Explain **two** reasons why consumers may prefer price competition.
- (ii) Describe **two** benefits to consumers of non-price competition. (25)

[75 marks]

2012 EC Q2

- (a) (i) Distinguish between ‘price competition’ and ‘non-price competition’.
(ii) State which of these forms of competition you would expect to find in **each** of the following market structures:
- Perfect Competition;
 - Imperfect Competition;
 - Oligopoly.
- Give reasons for your answer in **each** case. (30)

2014 Q2

- (c) “A few large retailers (e.g. Tesco, SuperValu, Dunnes Stores, Aldi, Lidl) dominate the Irish grocery market at present.”
Suggest a market structure which most closely reflects this situation. Explain your answer. (20)