

## Lesson Plan - Types of Economic Competition

**Course Title:** Marketing

**Session Title:** Economics: Types of Economic Competition

**Performance Objective:**

- Upon completion of this lesson, the student will explain how competition influences consumers and businesses.

**Specific Objectives:**

- Students will define pure competition and monopoly.
- Students will explain the characteristics of oligopolies and monopolistic competition.

### Preparation

**TEKS Correlations:**

This lesson, as published, correlates to the following TEKS. Any changes/alterations to the activities may result in the elimination of any or all of the TEKS listed.

- **124.32(c)(3)(A)**  
explain the marketing concept.
- **124.32(c)(15)(D)**  
list examples of competitive business situations.
- **124.32(c)(15)(E)**  
...identify examples of competitive business situations as price or non-price competition.

**Interdisciplinary Correlations:**

**English:**

**110.42(b)(6)(A) – Vocabulary Development**

...expand vocabulary through wide reading, listening, and discussing.

**110.42(b)(6)(B) – Vocabulary Development**

... rely on context to determine meanings of words and phrases such as figurative language, idioms, multiple meaning words, and technical vocabulary.

**110.42(b)(7)(F) – Reading/comprehension**

...identify main ideas and their supporting details.

**110.42(b)(7)(G) – Reading/comprehension**

...summarize texts.

**110.42(b)(7)(J) – Reading/comprehension**

...read silently with comprehension for a sustained period of time.

**Economics:**

**118.2(c)(4)(A) – Knowledge and Skills**

... explain the basic principles of the U.S. free enterprise system including profit motive, voluntary exchange, private property rights, and competition

**Accommodations for Learning Differences:**

For ED, ESL, LD, Special Ed, at Risk, 504, etc. allow the following:

1. Allow students less than best responses to vocabulary and assignment sheets.
2. Allow students more errors on research and PowerPoint presentations.

**Teacher Preparation:****References:**

1. Marketing, Third Edition, James L. Burrow, Southwestern Cengage Learning
2. Marketing Essentials, McGraw Hill
3. USA Today and local newspapers

**Instructional Aids:**

1. Types of Economic Competition PowerPoint Presentation
2. Guided Practice Activity
3. Review Questions: Written Summary Assignment
4. Independent Practice Activities Student Directions
5. Research Report: Monopolies and Oligopolies  
Independent Practice Activity #2 Rubric
6. Comparing Similar Car Models  
Independent Practice Activity #3 Rubric
7. Extension Activities Student Directions
8. Internet

**Materials Needed:**

1. Construction paper
2. Scissors and glue
3. Poster Board
4. Current newspapers and magazines

**Equipment Needed:**

1. Computers for students to complete projects
2. Projector for PowerPoint presentation
3. White or chalk board

**Learner Preparation:**

1. Ask students to make list of competitors for fast food restaurants, airlines, hotels, gas stations, and clothing stores. Then ask students to list the advantage that competition provides consumers. Or...
2. Ask students to explain the theme behind the Monopoly game. Then ask students what happens to prices when the entire market is controlled by a monopoly. Also ask students to explain how the market economy encourages entrepreneurs to compete.

**Lesson Plan****Introduction (LSI Quadrant I):**

1. Ask students to explain how competition improves athletic teams. Then explain

how competition also helps businesses improve the products and services that they offer consumers.

2. Discuss the influence that competition has on a company's profits. Use the example of a new restaurant that builds right beside an existing restaurant. Ask students to predict what will happen to the first restaurant's sales and profit. What could happen in the long term? How might the restaurants' close proximity be beneficial to consumers?


**Important Terms for this Lesson:**


- pure competition-many suppliers offer very similar products
- monopoly-a type of market in which one supplier offers a unique product
- oligopoly-a few businesses offer very similar products or services
- monopolistic competition-there are many firms competing with products that are somewhat different

**Outline**










**Outline (LSI Quadrant II):**

Instructors can use the PowerPoint presentation, slides, handouts, current events, the Internet, and note pages in conjunction with the following outline.

MI	Outline	Notes to Instructor
	<ol style="list-style-type: none"> <li>I. Types of Economic Competition vs. No Competition               <ol style="list-style-type: none"> <li>A. Pure Competition                   <ol style="list-style-type: none"> <li>1. many suppliers offer very similar products</li> <li>2. producers of agricultural products</li> <li>3. pure competition will result in one consistent price</li> </ol> </li> <li>B. Monopoly-one supplier offers a unique product                   <ol style="list-style-type: none"> <li>1. market economy wants to control monopolies</li> <li>2. consumers do not have choices</li> </ol> </li> <li>C. Between the Extremes                   <ol style="list-style-type: none"> <li>1. oligopoly-a few businesses offer very similar products or services                       <ol style="list-style-type: none"> <li>a. airline industry</li> <li>b. automobile manufacturers</li> <li>c. greeting card companies</li> <li>d. interstate delivery services</li> <li>e. Internet service providers</li> </ol> </li> <li>2. monopolistic competition-there are many firms competing with products that are somewhat different</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>A. Ask students to list the variety of competitors when shopping for a new pair of jeans. What is the advantage of having several stores offer the same merchandise?</li> <li>B. Explain how a monopoly takes control of the market and options for consumers. The game of monopoly ultimately results in one happy participant. When one company dictates the entire</li> </ol>

	<ul style="list-style-type: none"> <li>a. most common type of economic competition</li> <li>b. the greater differences among products and services, the more control the business has on setting price</li> </ul>	<p>market, they control prices and products offered to consumers.</p> <p>C. Ask students to give three examples of Internet providers. Then spend time to explain an oligopoly</p>
	<p>II. Understanding the Competition</p> <ul style="list-style-type: none"> <li>A. Maximize profits</li> <li>B. Improve products and services</li> <li>C. Keep up-to-date on the latest market trends</li> </ul>	<p>B. Ask students to make a list of competing restaurants offering similar menu items. Then ask students to list pros/cons for each of the restaurants. Then explain how monopolistic and pure competition makes businesses watch what the competition is doing to improve their products and services.</p>

**Copy and paste Multiple Intelligences Graphic in appropriate place in left column.**

								
Verbal Linguistic	Logical Mathematical	Visual Spatial	Musical Rhythmic	Bodily Kinesthetic	Intra- personal	Inter- personal	Naturalist	Existentialist

### Application

**Guided Practice (LSI Quadrant III):**

Ask students to define monopolistic competition and explain the advantages/disadvantages for a business that is involved in this type of business setting. Students should complete the worksheet for this activity (Monopolistic Competition Worksheet).

**Independent Practice (LSI Quadrant III):**

1. Ask students to compare and contrast the competition for popular types of businesses. Then ask students why competing business frequently locate in close proximity. Ask students what a business can do to keep track of the competition in the community.
2. Ask students to describe three businesses that currently are monopolies or oligopolies. Then ask students to conduct research about what the government does to regulate monopolies/oligopolies. Students must explain why a market economy is against monopolies.
3. Ask students to compare similarly priced automobiles from three different car manufacturers. Students must complete the worksheet and design a PowerPoint Presentation to share their findings with the class.

**Summary****Review (LSI Quadrants I and IV):**

**Q:** How is a monopoly different from pure competition?

**A:** There are a large number of producers of virtually the same product with pure competition, while a monopoly has only one producer of a unique product.

**Q:** Why can businesses involved in monopolistic competition charge a wide range of prices for competing products?

**A:** Businesses involved in monopolistic competition offer products that are somewhat different, allowing the variety of prices.

**Q:** What is an oligopoly?

**A:** An oligopoly exists when there are few competitors.

**Written Assignment**

Ask students to explain the benefits and drawbacks of operating a business in pure competition. Why would companies continue doing business if they could not have control over the prices they charged for their products and services? Students should also explain what would happen if there was a sharp decline in the number of competitors or the price of production increases dramatically due to fuel costs, other uses for the product (example: corn for ethanol), or weather conditions. Follow the directions on the (Pure Competition Worksheet).

**Evaluation****Informal Assessment (LSI Quadrant III):**

1. Instructor will observe students during Independent Practice assignments, class discussion, class participation, and PowerPoint discussions.
2. Instructor will assist individual students as needed.

**Formal Assessment (LSI Quadrant III, IV):**

1. Independent Practice Activity #1 will be evaluated by the instructor for successful completion of all directions.

2. Independent Practice Activity #2 will be evaluated using “Research Report: Monopolies and Oligopolies Rubric” as students conduct research to determine what the government does to regulate monopolies and oligopolies.
3. Independent Practice Activity #3 will be evaluated using “Comparing Similar Car Models Rubric” as students complete a worksheet and conduct research on three different car manufacturers.
4. The Extension Activities will be evaluated by the instructor for successful completion of the assignments.

**Extension/Enrichment (LSI Quadrant IV):**

1. Give students the list of businesses for the (Category Assignment). Students then must classify each business as a company involved with pure competition, monopolistic competition, or an oligopoly. Students must give a solid reason for their decisions. Students will complete the worksheet accompanying this assignment.
2. Ask students to research three oligopoly businesses offering Internet services. Students must complete this assignment by comparing the three companies and choosing which company has the greatest value for the consumer’s dollar. Students will complete the worksheet accompanying this assignment (Shopping for Internet Service).

## Guided Practice Activity —Four Teams

**Student Names:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Directions:** Define monopolistic competition and explain the advantages/disadvantages for a business that is involved in this type of business setting. Complete the following worksheet to verify your understanding of the concept.

Definition of Monopolistic Competition:

### Monopolistic Competition

<b>Characteristics</b>	<b>Advantages for Consumers</b>	<b>Disadvantages for Consumers</b>

# Independent Practice Activity #1—Teams of Two Students

Student Name: \_\_\_\_\_

Student Name: \_\_\_\_\_

**Directions:** Compare and contrast the competition for popular types of businesses. Explain why competing business frequently locate in close proximity. How can a business keep track of the competition in the community? Present your findings in a PowerPoint presentation to the class.

Compare Five Fast Food Restaurants

Restaurant	Similar to Other Fast Food Restaurants	Different from Other Fast Food Restaurants

Compare Five Hotels/Motels

Hotel/Motel	Similar to Other Hotels/Motels	Different from Other Hotels/Motels

Why do similar types of businesses frequently locate on the same street or near other businesses in the same industry?

## Independent Practice Activity #2—Teams of Two Students

Student Name: \_\_\_\_\_

Student Name: \_\_\_\_\_

**Directions:** Describe three businesses that currently are monopolies or oligopolies. Then conduct research about what the government does to regulate monopolies/oligopolies. Explain why a market economy is against monopolies. Write a 1-3 page report about your findings.

### Three Businesses that Operate as Monopolies or Oligopolies

Business	Form of Ownership	Government Regulation	How this type of business conflicts with the Market Economy concept

### Independent Practice Activity #3—Teams of Two Students

Student Name: \_\_\_\_\_

Student Name: \_\_\_\_\_

Directions: Compare similarly priced automobiles from three different car manufacturers. Students must complete the worksheet and design a PowerPoint Presentation to share their findings with the class. The PowerPoint should include at least three slides about each automobile.

#### Automobile Comparisons

Dealership	Model of Car	Price	Notes about the Car Model

## Review Summary Written Assignment

Student Name: \_\_\_\_\_

**Directions:** Explain the benefits and drawbacks of operating a business in pure competition. Why would companies continue doing business if they could not have control over the prices they charged for their products and services? Explain what would happen if there was a sharp decline in the number of competitors or the price of production increases dramatically due to fuel costs, other uses for the product (example: corn for ethanol), or weather conditions. Follow the directions on the (Pure Competition Worksheet).

### Pure Competition Worksheet

#### Definition of Pure Competition:

Characteristics of Pure Competition	Advantages of Pure Competition	Disadvantages of Pure Competition	Examples of Pure Competition

# Research Report : Monopolies and Oligopolies

## Independent Practice Activity #2 Rubric

Student Name: \_\_\_\_\_

CATEGORY	20	15	10	5
<b>Organization</b>	Information is very organized with well-constructed paragraphs and subheadings.	Information is organized with well-constructed paragraphs.	Information is organized, but paragraphs are not well-constructed.	The information appears to be disorganized. 8)
<b>Amount of Information</b>	All topics are addressed and all questions answered with at least 2 sentences about each.	All topics are addressed and most questions answered with at least 2 sentences about each.	All topics are addressed, and most questions answered with 1 sentence about each.	One or more topics were not addressed.
<b>Quality of Information</b>	Information clearly relates to the main topic. It includes several supporting details and/or examples.	Information clearly relates to the main topic. It provides 1-2 supporting details and/or examples.	Information clearly relates to the main topic. No details and/or examples are given.	Information has little or nothing to do with the main topic.
<b>Sources</b>	All sources (information and graphics) are accurately documented in the desired format.	All sources (information and graphics) are accurately documented, but a few are not in the desired format.	All sources (information and graphics) are accurately documented, but many are not in the desired format.	Some sources are not accurately documented.
<b>Mechanics</b>	No grammatical, spelling or punctuation errors.	Almost no grammatical, spelling or punctuation errors	A few grammatical spelling, or punctuation errors.	Many grammatical, spelling, or punctuation errors.

Total Points \_\_\_\_\_

Maximum 100 Points

# Comparing Similar Car Models

## Informational Power Point

### Independent Practice Activity #3 Rubric

Student Name: \_\_\_\_\_

CATEGORY	20	15	10	5	0
<b>Background</b>	Background does not detract from text or other graphics. Choice of background is appropriate for the topic.	Background does not detract from text or other graphics. Choice of background is not appropriate for the topic.	Background does not detract from text or other graphics. Choice of background is appropriate for the topic.	Background makes it difficult to see text or competes with other graphics on the page. Choice of background is not appropriate for the topic.	There is no background.
<b>Sequencing of Information</b>	Information is organized in a clear, logical way. It is easy to anticipate the type of material that might be on the next slide.	Most information is organized in a clear, logical way. One slide or item of information seems out of place.	Some information is logically sequenced. An occasional slide or item of information seems out of place.	There is no clear plan for the organization of information.	There is no information on each slide.
<b>Content - Accuracy</b>	All content throughout the presentation is accurate. There are no factual errors.	Most of the content is accurate but there is one piece of information that might be inaccurate.	The content is generally accurate, but one piece of information is clearly flawed or inaccurate.	Content is typically confusing or contains more than one factual error.	The content is not factual at all.
<b>Use of Graphics</b>	All graphics and photos are attractive (size and colors) and support the theme/content of the presentation.	A few graphics and photos are not attractive but all support the theme/content of the presentation.	All graphics and photos are attractive but a few do not seem to support the theme/content of the presentation.	Several graphics or photos are unattractive AND detract from the content of the presentation.	None of the photos or graphics have anything to do with the subject of the Power Point.
<b>Animation</b>	All animation is well planned out and does not distract from the content of the presentation.	Most of the animation is well planned out and does not distract from the content of the presentation.	Some of the animation appears to be randomly selected but does not distract from the content of the presentation	None of the animation is planned out and does not support the presentation.	There is no animation.

Total Points \_\_\_\_\_

Maximum 100 Points

## Extension/Enrichment Activity #1—Teams of Two Students

**Directions:** Give students the list of businesses for the (Category Assignment). Students then must classify each business as a company in pure competition, a monopoly, or an oligopoly. Students must give a solid reason for their decisions. Students will complete the worksheet accompanying this assignment.

Business Category: Classify each of the following businesses as being involved in pure competition, monopolistic competition, or an oligopoly. Explain the reasons for your choices.

Business	Category	Explain
Farmers	<i>Pure competition</i>	
The Gap	<i>Monopolistic Competition</i>	
American Airlines	<i>Oligopoly</i>	
Hallmark	<i>Oligopoly</i>	
Burger King	<i>Monopolistic Competition</i>	
Dell Computer	<i>Oligopoly</i>	
Marriott Hotel	<i>Monopolistic Competition</i>	
Post Office	<i>Oligopoly</i>	

## Extension/Enrichment Activity #2—Teams of Two Students

**Directions:** Research three oligopoly businesses offering Internet services. Complete the following table to compare the three companies and then choose which company has the greatest value for the consumer's dollar.

### Shopping for Internet Service

Internet Provider	Characteristic #1	Characteristic #2	Characteristic #3	Cost

Which Internet service is the best choice for consumers? Explain your answer.