NAME ______________________ DATE ____________ CLASS ____________

Math Practice for Economics

networks

Comparing Prices among Competitors

Background information: The candy industry in the United States could be defined as an oligopoly because just three companies make 99.4% of snack size chocolates. The big three companies are Hershey's, Mars, and Nestle. All three companies use much of the same ingredients, so how do they compete against one another? This is primarily done through price.

Directions: *The two tables below show what a snack size chocolate costs from the various candy makers, big and small. Read the table below. Then, answer the following questions using the information in the table.*

	Hershey's	Mars	Nestle
Walmart	215 ct. bag $13.88 = 6 cents each	230 ct. bag $13.88 = 6 cents each	70 ct. bag $8.98 = 13 cents each
Amazon	100 ct. bag $12.81 = 13 cents each	55 pc. Bag $17.96 = 33 cents each	110 ct. bag $18.12 = 16 cents each
Candy Warehouse	210 ct. bag $35 = 17 cents each	157 pc bag $29.50 = 19 cents each	100 ct. bag $19.90 = 20 cents each

	Godiva	Russell Stover	See's
Assorted bite size chocolates	70 pc. Box $90.00 = $1.29 each	18 pc. Box $12.99 = $.72 each	24 pc. Box $17.50 = $.73 each

(The prices in this chart were taken directly from the candy makers' websites)

Questions:

1. Why can the big candy makers produce candy that is less expensive per piece?

____

____

2. What is the most expensive chocolate per piece based on the tables above?

____

____

3. If your favorite candy is M&M's, which are produced by Mars, where would you purchase the least expensive bag based on the chart above?

____

____

4. How does where you can purchase the candy affect the price? How does it affect the availability?

____

____

Copyright © McGraw-Hill Education. Permission is granted to reproduce for classroom use.

Questions for Chapter 7

1. What is the difference between pure competition and perfect competition?

2. Why does government usually try to prevent monopolies from forming?

3. How does collusion interfere with competition?

4. Explain one effect that an immobile workforce has on a market?

5. Explain one reason homeowners might lose their home?

6. Why does the Securities and Exchange Commission require corporations that sell stock to release information about their business operations?

Enter the appropriate word(s) to complete the statement.

1. A market structure in which a few large sellers dominate and have the ability to affect prices in the industry is called a(n) ____________________.

2. ____________________ is based on a product's appearance, quality, or design.

3. ____________________ is an illegal agreement among producers to fix prices, limit output, or divide markets.

4. ____________________ is a market structure having all conditions of pure competition except for identical products.

5. Pure competition is a theoretical ____________________ that requires three conditions: very large numbers, identical products, and freedom of entry and exit.

Indicate whether the statement is true or false. If it is false, change word(s) to make the statement true.

6. In the United States, the federal government enforces antitrust laws and regulations to try to maintain effective levels of competition.

7. A mortgage is a document in which a lender reclaims a property due to a lack of payment by the borrower.

8. Price discrimination is the practice of setting prices to maximize sales.

9. Laws and regulations have been adopted in the United States to promote competition among firms.

10. Because private business is involved in certain aspects of our economy, it is a modified version of free enterprise.