- M competition ➔ A market structure in which there are many Firms selling differentiated products a few barriers to entry.
    - 4 distinguishing characteristics:

Many	Differenciated products	Miltiple dimensions of competition	Easy entry of new firms in the long run
In M competition, firms don't take into account rival's reactions. There are so many firms that one firm can't concern itself with the reaction of any specific firm. ie. Soap industry	The "many sellers » characteristic gives monopolistic competition its competitive aspect. Product ≠° dives it its monopolistic aspect, as in perfect competition; they are differentiated slightly. So in one sense each firm has a monopoly in the good it sells.	In perfect competition, price is the only dimension on which firms compete; in monopolistic competition, competition takes many forms. Product ≠° ➔ attempt to competed on percieved attributes. Competition: - service - distribution outlets - advertisement - compare MC & MB - Change the dimension of competition until marginal MC = MB	There must be no significant entry barriers in MCompet. Barriers to entry create the potential for long-run economic profit and prevent competitive pressures from pushing price down to ATC

- Advertising in Monopolistic competition:
    - Firms in Perfectly competitive market have no incentive to advertise (since they can sell all they want at market price) ≠ Monopolist competition have a strong incentive: advertising therefore plays an important role in providing with that differentiation.
    - Goals of advertising: shifting the firm's demand curve to the right and making it more inelastic
        - Making people only want a specific brand ➔ Firm can sell more and/or charge higher prices
        - Advertising ➔ shifts the ATC curve up ➔ Advertising must be considered in both benefits and costs.
    - Ads helps or hurt society ?
        - There is a certain waste in much of the differentiation. That waste shows up in the graph by the fact that monopolist competitors don't produce at the minimum point of their ATC curve.
        - E. Chamberlin & J. Robinson ➔ originator o the description of monopolist competition: they believed that the ≠ between the cost of a perfect competitor & the cost of a monopolistic competitor was the cost of what he called « ***diferentness*** ». If consumers are willing to pay that cost, then it's not a waste but rather a benefit to them.
- Output price and profit of a monopolist competitor:

QUIZZ:

⚠️The economic profit is an abnormal profit regarding accounting standards (said normal profit)

Realize competition involves companies trying to escape competition, and perhaps establish monopoly ➔ so Monopoly & perfect competition are not in application antithetical

⚠️Every time you move to the Long Run, short runs are taking place… there is no such thing as a real long run.