- Similar but slightly differentiated product-branding
- Firms are interdependent - they match price reductions but not price rises
- Monopoly profits and inefficiency

Motives of a Firm

- Profit Maximisation
  - Assumed to be the standard motive of firms in the private sector
  - Profit maximisation occurs where MC=MR
  - The firms will continue to increase output up to the point where the cost of producing one extra unit of output=the revenue received from selling that last unit of output
  - This assumes that firms seek to operate at maximum efficiency
- Sales Maximisation
  - Attempts to maximise the volume of sales rather than the revenue gained from them.
- Share Price Maximisation
  - Pursuing policies aimed at increasing the share price
- Profit Satisficing
  - Generating sufficient profit to satisfy shareholders but maximising the rewards to the managers/board and avoiding attention from rivals or regulatory authorities
- Behavioural Objectives
  - Meet needs and wants of stakeholders - satisficing
  - Satisficing will include ‘fat cat pay’, management rewards, employee welfare, meeting consumer needs, social and environment audits, paying suppliers on time, satisfying shareholders about its policies, plans and actions.