

**YouTube Title: "Monopolistic Competition"** <http://www.youtube.com/watch?v=VSQpmWhm3xk&feature=relmfu>

**Video Length:** 1:26 minutes

**The Economy Today Chapter 24:** Monopoly, p. 533

**The Micro Economy Today Chapter 10:** Monopoly, p. 213

**Topic:** Comparative Outcomes

**Key Terms:** monopolistic competition

**Learning Objective 2:** How monopoly and competitive outcomes differ.

### Summary

A man and a woman are having dinner together at a restaurant, and the man wonders how the numerous cafes, bars and restaurants in this particular part of town can stay in business.

### Economic Application

The woman explains the nature of monopolistic competition to help the man understand how all of the different similar businesses in one location can all stay in business.

### Multiple Choice Question

The woman states that cafes, bars and restaurants compete on all but which ONE of the following?

- a) Prices
- b) Themes
- c) Barriers to entry
- d) Menus
- e) Locations

### Discussion Question

Why did several cafes, bars and restaurants in this market close in the past few years?