

ECO401 GDB IDEA SOL Spring 2020

Monopolistic Competition is operating out in hand sanitizers industry in Pakistan according to the conditions mentioned in this case.

Justifications:

There are several similar brands (hand sanitizers) but they do not substitute of each others (difference in quality). It is a feature of monopolistic competition.

There are a little restrictions on entry or exit. Therefore, new brands are entering to meet the increasing demand of the hand sanitizers. Low restrictions on entry and exit is the characteristic of the monopolistic competition.

Brands in this case making their decision by themselves but their decisions do not influence their competitors. Therefore it is the case of monopolistic competition.

It is observed that heavy advertising is done by these brands due to competition, So, it is the case of monopolistic competition.

Unprecedented demand leads to high increase in prices of the product in case of monopolistic competition which has been experienced in the case of hand sanitizer.

Above mentioned justifications prove this is the case of monopolistic competition.