Oligopoly

Economics

Why a few firms behave differently from many.

Features and outcomes.

Features

- Few firms, mutually aware
- Interdependent decisions
- High barriers to entry
- Prices often sticky
- Non-price competition dominates

Outcomes

- Prisoner's dilemma in pricing
- Tacit coordination without agreement
- Price wars when it breaks down
- Heavy investment in differentiation

Educational reference. Explicit agreement between competitors on price is illegal in most jurisdictions.