

Monopoly, Oligopoly, and Duopoly

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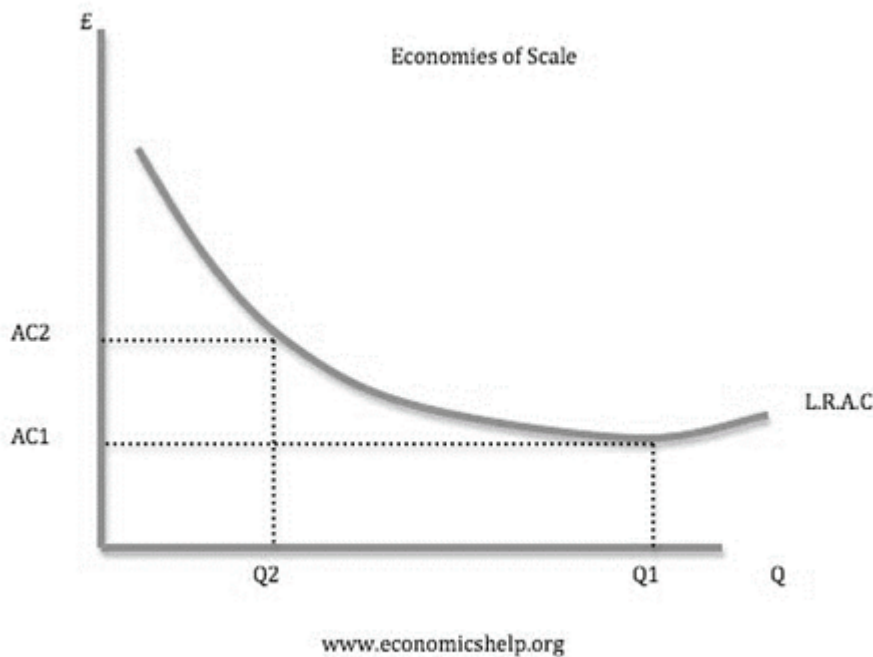
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Australia is among the world's most advanced countries in industrialization. Industrialization is a large enterprise entity that is actively engaged in industrial, professional, and commercial activities. An industry is involved in transacting its activities, such as manufacturing goods and providing services to its customers. The main aim of a business industry is to maximize on profit but there are other businesses that are nonprofit based and are meant for charitable missions (Australian Competition and Consumer Commission [ACCC], 2024). For an industry to be successful, marketing strategies should be adhered to, and, most importantly, the business market.

Economic theories have helped industrial owners better consider real-world business-associated problems by using economic reasoning to maximize their profit. In industrialization, business market is a term that refers to the relationship between a seller and a buyer. It includes the selling of products and offering of services to potential business owners to be consumed or to be assembled to make new products. Monopoly, oligopoly, and duopoly are examples of business fields that comprehend the relationship between the sellers and the buyers in a market field (Productivity Commission, 2024). To start with, this is an interesting case study that outlines the relationship that is there in the market. As an upcoming business owner, it is important to be conversant with the type of relation you ought to imply in your marketing field. Depicted below is an economic coherent analysis of Monopoly, oligopoly, and duopoly based on the relationship between business owners and the customers and how they affect the Australian industry.

Monopoly

A monopoly is a market structure that has many buyers but only one seller. To get a better understanding of monopoly, we will look at its description (Reserve Bank of Australia [RBA], 2025). Monopoly is a marketing field in which a single seller sells their unique products to multiple potential buyers in the market. In this kind of market, the business owner faces no competition since he/she runs a sole proprietorship business, thus maximizing their profits. One of the advantages associated with monopoly is that the owner of the business controls the price in the market of his/her products or services. Monopolies emerge as a result of industries' large-scale production of goods and services, thus making the long-run average of production costs fall. This makes monopoly emerge naturally because of the connection between the scale of operation and the average cost (RBA, 2025). Below is a diagram that shows an industry in Australia on an economic scale. The diagram reflects that as output escalates, the run average cost drops.



Many industries in Australia have embraced a monopoly in the day-to-day running of their firm. An example is the steel industry, which is a large-scale industry that opts to implement monopoly as its marketing strategy because it wants to return its building-up capital by fixing high costs on its products while producing more steel, thus lowering the average rate per unit of steel. Monopoly has an advantage in competitive strategy over other companies producing a similar product (RBA, 2025). Despite this, it comes with some cons. There are reasons why monopoly is bad for the Australian economy since it prevents the market from setting prices and restricts free trade, thus causing the following effects. Industries using a monopoly marketing strategy are lone providers and can set any price for their goods and services as they wish. The gasoline industry in Australia is a good example of how drivers can adjust to transit, but most of them cannot. This is a result of inelastic demands of their service, thus keeping their prices high.

Oligopoly

An oligopoly involves the compound intertwining of small companies within a large industry (Organisation for Economic Co-operation and Development [OECD], 2025). An oligopolistic industry is considered a big industry that is dominated by a few associates who are reliant upon the products, the investments, and the transitions occurring within the companies. Inherent associated with oligopolistic are problems with price-fixing, monopolies, and collusion. In Australia, this structure, the oligopoly, is shared by small producers and comes with the following advantages: it creates high

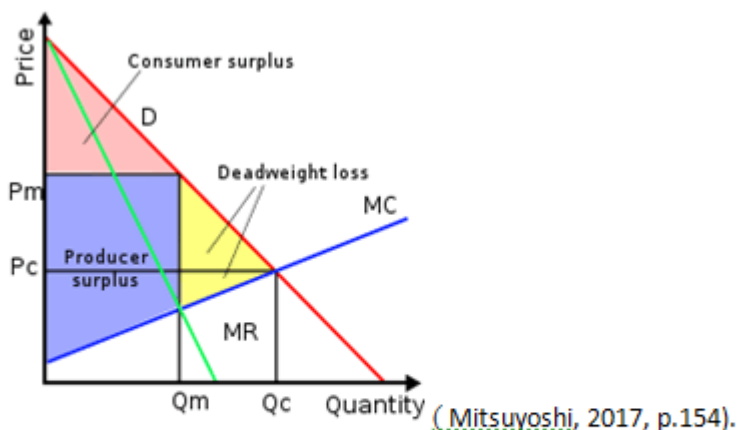
product profits by creating a trickle-down effect within the Australian industry. The price fixing provides high profits, which in turn filters down the wages of employees. The second pro of oligopoly is that it simplifies the market competition for consumers. This helps the customers to have an easy choice when finding the possible product in the market.

Effects

Despite the above-mentioned pros of oligopoly, it also has some cons, including the following: fewer choices for customers since no product meets the end consumer needs. Another shortcoming associated with oligopoly theory is that innovation becomes non-existent. This marketing theory discourages innovation, where numerous strategies create barriers to innovation. Price fixing is also another con that is brought about by oligopoly theory (OECD, 2025).

Policy

From the above description of the marketing theory in Australia, it is vividly clear that business owners are maximizing their profits while the end user is suffering from the raised cost price of products. As depicted in the Gasoline industry, people in Australia have no option but to come to an agreement with the high cost offered by the company. It's arguably true to say that the Australian government should impose some policies to mitigate this alarming issue of sellers gaining more profit at the expense of the consumer. When it comes to monopoly theory, the Australian government ought to implement the following policies: (1) liberalization of markets. This policy will deregulate the market by allowing nearby firms/companies to enter and compete in the market. (2) Regulation of prices. The government should regulate prices by introducing taxes to monopoly industries. (3) Break up existing monopolies. This will effectively increase competition in the market since all industries will be having a fixed price (ACCC, 2024).



Graph of price vs quantity in a monopoly.

Conclusion

Australian industrialization should implement the above-mentioned policy to eradicate the issue of unbalanced marketing strategies (Productivity Commission, 2024). From my casework above, it is arguably true to say that some of these marketing theories favor the business owner only while the consumer suffers at the expense of the seller maximizing their profits. The economy in Australia is not sustainable enough for firms to grow near it; thus, the government should foresee the implementation of a marketing policy.

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