

Competition in the marketplace is good for consumers—and good for business, too. It benefits consumers by keeping prices low and the quality and choice of products and services high. It benefits businesses by promoting innovation—improvements to make products different—and often, to make them better in ways that consumers want.

More choices, better prices, and higher quality are good for you. But did you know that you have a lot to do with what companies decide to produce and sell? Companies are in business to make money. To do that, they need to make products you want to buy, and sell them at a price you're willing to pay.

A lot of companies make the same kind of products. How many companies can you think of that make computers, cell phones, cameras, bikes, jeans, or sneakers? And how many stores sell those brands? They all want your business. They compete for your money—and your loyalty—on many levels: price, selection, service, and quality, to name a few. These are probably things you think about, even if you don't always know you do.

Say you want to buy a new cell phone. How would competition help you—and how might companies compete for your business?

- **Price:** how much does it cost? If the company offered a cheaper phone, might you buy it?
- **Selection:** does one company offer more kinds of phones that you like? Would you choose the company with the best selection, even if they cost more?
- **Service:** does one cell phone company have better coverage where you live? Or might they have a store near you, or an easy-to-use online site? Would you choose a phone based on having better coverage and service?
- **Quality:** is it a great-looking phone but won't hold a charge? Or maybe you've heard it has a reputation for breaking. Would you pay extra for a high-quality phone?

Competition doesn't mean that everybody wins, though. Take a look at what's going on at the mall. It may have several "anchor" stores—usually department stores—that sell everything from clothes to cosmetics, toys to televisions, and boots to bedding. The mall also may have clothing and shoe stores for men, women, and kids; specialty stores with furniture, sports equipment, jewelry, make-up, games... you name it. And there's usually a food court, with pizza, burgers, salads, tacos, egg rolls, ice cream, and blah, blah, blah. So many choices. How do all these places stay in business?



The answer is (drum roll, please):
Not all of them do.

- Some don't offer what consumers want to buy.
- Some consistently charge higher prices for merchandise you can get for less elsewhere.
- Some are just too much like other stores.
- Some don't have a good selection of merchandise, or appeal only to very specialized tastes.
- Some may have low prices, but bad customer service.

So while competition doesn't mean that every single business wins, it means that every single business tries to put their best foot forward to win your business—and stay in business. That means it's good for businesses as a whole—and good for consumers like you!

Things to Talk About and Do

- Think about a product you buy. Among price, selection, service, and quality, what's most important to you in deciding exactly which one to buy? Does it change depending on the product? Why or why not?
- Imagine you're selling a product. What would you do to make sure your product can compete and you succeed in your business?
- Think about the last thing you bought, and where you bought it. Why did you choose to buy it there? Is there anything that other stores or online sellers could do to win your business? Why or why not?

Want to Find Out More?

Federal Trade Commission—Guide to the Antitrust Laws
www.ftc.gov/bc/antitrust/

U.S. Department of Justice—Antitrust Division
www.usdoj.gov/atr

Kids.gov—Links to sites on money, selling, and marketing
www.kids.gov/6_8/6_8_money_selling.shtml

American Antitrust Institute—Fair Fight in the Marketplace (Video and resources)
www.fairfightfilm.org/index.html

National Council on Economic Education—Online lessons
www.ncee.net/resources/lessons.php

