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RIVALRY IN MARKET STRUCTURE IS THE ROOT CAUSE OF BENEFITS ACCRUING TO CONSUMERS: A COMPREHENSIVE STUDY

Srinjana Mitra
Student of LLM(CCL)
School of Law
Christ (Deemed to be University), Bangalore, Karnataka, India

ABSTRACT

Rivalry in market structures is necessary for developing innovation, and making sure that consumer interests are given priority. Market structure is the organizational characteristics of a market that determine the behavior of firms within it. The context of rivalry encapsulates the dynamics of competitiveness amidst firms within several market structures, involving perfect competition, monopolistic competition, oligopoly, and monopoly. Rivalry in competition is significant because it enhances consumer welfare by developing a marketplace which is characterized by a lot of variety, enhanced quality, continuous innovation, competitive pricing, and greater awareness consumer. The evolution of technology and globalization has also significantly contributed in increasing the rivalry in both domestic and global markets, thereby encouraging innovativeness and better-quality products. This study investigates how distinguished market structures starting from perfect competition to monopoly influence consumer behaviour, emphasizing that the increasing rivalry among firms leads to more benefits to the consumers, which includes lower prices, better quality, and greater variety of products.

Keywords: Competition, Rivalry, Consumer, Market, Benefit.

INTRODUCTION

Market structure is the organizational characteristics of a market that determine the behavior of firms within it. This includes different firms in the market, the type of the products they sell (homogeneous or heterogeneous), the standard of competition, boundaries to entry and exit, and the degree of control that firms have upon pricing. The different types of market structures include oligopoly, perfect competition, monopolistic competition, and monopoly. Each structure has separate characteristics that decide how firms operate and how consumers experience availability of prices and product. Rivalry in market structures plays a pivotal role in consumer experiences and outcomes. The context of rivalry encapsulates the dynamics of competitiveness amidst firms within several market structures, involving perfect competition, monopolistic competition, oligopoly, and monopoly. Each type of market structure has its own characteristics that influence the interaction and competition of firms, thus affecting consumers[1].

In **perfect competition**, many firms produce homogeneous products, that leads to high price competition. This market ambiance makes sure that prices remain low and quality becomes high, thus benefiting consumers through a wide area of choices at reasonable rates. In **monopolistic competition**, firms have heterogeneous products and competes on price and quality, which results in a diverse marketplace where consumers can have large options that meet their preferences at the best. **Oligopoly** market is characterized by a certain number of dominant firms, presents a different dynamic. Here, rivalry can lead to innovative ideas and improved product offerings because companies strive to bypass each other. Consumers gets benefitted from technological advancements and quality as firms delve into research and development to retain their competitive edge. However, this structure can also result in to, where firms may commonly agree to set prices or prevent production, thus potentially curbing down consumer interests. Whereas, **monopoly** lacks rivalry because of the dominance of the prevalence of single firm. While monopolies can result to inefficiencies and high price rate for consumers, the presence of potential competition or oversight by regulatory bodies can sometimes make monopolists to develop their products or strategies of pricing[2].

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[1] Market, https://cleartax.in/glossary/market, (accessed 28 October, 2024).

[2] Market: What It Means in Economics, Types, and Common Features, https://www.investopedia.com/terms/m/market.asp, (accessed 28 October, 2024).

In short, rivalry in market structures is necessary for developing innovation, and making sure that consumer interests are given priority. By analyzing how various market dynamics influence rivalry and its effects on consumers, the importance of retaining competitive environments in various industries can be better understood[3].

IMPORTANCE OF RIVALRY IN MARKET

In market structures, rivalry can be beneficial to consumers, mainly through enhanced competition that results in good prices, improved quality, and better innovation. Here are the key aspects of how rivalry favors consumers:

1. Lower Prices: Competition amongst firms sometimes results in price wars, where companies lower down the prices of their products to attract customers. This is particularly evident in perfect competition market with identical products where consumers have the option to choose products based on price. Because of Competition firms compete to offer the low prices, consumers enjoy more reasonable options.

2. Improved Quality and Variety: Rivalry makes companies bound to innovate and enhance their product to offer to the customers. To mark themselves different from competitors, firms work more in the sector of research and development, which results in better and improved quality products with a wide range of choices for consumers.

3. Increased Customer Service: Businesses lately works to provide better and enhanced customer service in a competitive atmosphere to retain customers. This focus on customer satisfaction leads to better experiences in loyalty programs, in services and satisfactory support systems.

4. Enhanced Innovation: Intense competition encourages firms to frequently go in-depth into innovation. Companies are motivated to develop new technologies and services to stay ahead of rivals, which can result in innovative products that is beneficial to the consumers.

5. Consumer Empowerment: Consumers with the variety range of options have the authority to select products that satisfy their needs at best competitive prices. This variety of choices empowers consumers as well as encourages companies to continue to maintain level of high standards to attract and retain customers[4].

HISTORICAL EXAMPLES OF RIVALRY DRIVING INNOVATION

1. The Space Race (USA vs. USSR): The existing cold war between the United States and the Soviet Union guarantees speedy development in space technology. Both the United States and the Soviet Union competed with each other to achieve required milestones, like launching satellites and landing humans on the Moon. This severe competition consequently resulted in the advancement in rocketry, materials science, and technology in computer.

2. Ford vs. General Motors: For making cars affordable at reasonable cost for the masses, Henry Ford introduced the assembly line that brought revolutionary changes in automobile manufacturing. Whereas, Alfred P. Sloan had General Motors that focused on variety in model and options regarding consumer financing. Their rivalry not only altered methods of production but also re-organized marketing strategies within the automotive industry, consequently increasing consumer satisfaction and choice.

3. Apple vs. Microsoft: There was a high competition in personal computer market between Microsoft and Apple during 1980's and 90's. The new and innovative design of Apple with the Macintosh motivated Microsoft to re-build and develop its Windows operating system. This rivalry resulted in developed user interface design, capabilities of software, and overall computing technology thereby making it beneficial for consumers through developed products[5].

INFLUENCE OF RIVALRY UNDER DIFFERENT MARKET STRUCTURE AND ITS EFFECTS ON CONSUMERS.

1. **Perfect Competition market**: In a perfectly competitive market rivalry greatly influences consumer. In this variant of market structure, there are numerous firms that compete by selling similar products, resulting in a dynamic market atmosphere where prices are determined on the basis of demand and supply. In perfect competition market, individual firms price becomes the price takers, it means that they accept the market price that is already given. This characteristic roots from the presence of several sellers providing similar products. If any firm conspires or attempts to increase its prices above the market level, it will then lose all of its customers to competitors. This technique of price competition makes sure that prices remain near to the marginal cost of production, thus benefiting consumers with lower prices of products. The commonality of products in perfect competition means that consumers are unable to differentiate between products from different firms. This lack of distinction compels firms to compete mainly on price, thereby intensifying rivalry. Consequently, consumers benefit from persistent pricing throughout the market. The absence of barriers to enter into the market permits new firms to enter the market when

[3] Industry rivalry and competition: Porter's five forces, https://learn.marsdd.com/article/industry-rivalry-and-competition-using-five-forces/ (accessed 28 October, 2024).

[4] Competition and Innovation: The Role of Rivalry in Driving Technological Advancements, https://fastercapital.com/content/Competition-and-Innovation--The-Role-of-Rivalry-in-Driving-Technological-Advancements.html (accessed 29 October, 2024).

[5] The Top 10 Business Rivalries In History, https://www.fastcompany.com/3048493/the-top-10-business-rivalries-in-history (accessed 29 October, 2024).

existing firms continues to earn profits. This nature of competitors rises rivalry and makes sure that prices do not increase at high rate over time, which would cause harm to the consumers otherwise. But, if firms face losses, they can leave the market without facing substantial costs, thus maintaining a balance that safeguards consumer interests.[6]

Examples

a) **Agricultural Markets:** In the U.S. wheat market, the general price per bushel has got disturbed due to severe competition between various farmers. For example, prices ranged from about $2.50 to $6.00 per bushel, from 2000-2020, it was basically based on supply and demand dynamics where no sole farmer was able to influence the market. This competition has comparatively kept prices low for consumers who solely depend on wheat-based products.

b) **Dairy Industry:** The retail price of milk in the U.S. has been standing still for the last two decades because of high level of competition between dairy farms. For instance, the average price for a gallon of milk, in 2010 was approximately $3.30, whereas by 2020, it was $3.50 (approx.). This stability provides for severe competition between dairy producers, thus giving advantage to consumers by controlling dramatic price increases.

c) **Supermarket Sector:** Supermarkets like for instance Walmart and Kroger have widened their house brands with regards to competition with national brands. Study reveals that many times the house brand products are priced 20-30% lesser than their branded counterparts, thus giving consumers required savings while maintaining the quality comparable[7].

2. **Monopolistic Competition:** Firms in monopolistic competition market attempt to distinguish their products through branding, quality, features, and service to the customer. This distinction creates a competitive ambiance where each firm works to attract consumers by providing unique value theory. The requirement for distinction creates rivalry among firms, thus making them bound to innovate and develop their products continuously. Firms in monopolistic competition have certain control over their prices due to heterogeneous products. However, they must be aware of competitors strategies of pricing. If one firm increases prices in a significant manner, it risks in losing customers to rivals who are selling their products or services similar products at lower prices. This interdependence develops a competitive ambiance that determines pricing decisions. Firms involve themselves in non-price competition through advertising and marketing techniques and putting efforts to highlight their products' heterogeneity. This rivalry results in increased consumer awareness about the options available, motivating firms to delve in quality development and innovation of features to be different in the marketplace. The comparatively low barriers to entry in monopolistic competition permits new firms to enter the market when the already prevailing firms are making profits. This rivalry between competitors helps to keep check in prices. On the other hand, if firms faces losses, they can leave the market without significant costs, thus maintaining a competitive environment[8].

Examples:

a) **Fast Food Industry**: Price Promotions and Variety: The fast food business chains like McDonald's, Burger King, and Wendy's, provides for monopolistic competition. According to a report by IBISWorld, fast food industry of the U.S has generated $273 billion approximately in revenue in the year 2020. Severe rivalry has led to promotions, like the value meals, and new product inventions. For example, McDonald's introduction, "McPick 2" in menu, permitting customers to choose two items for a lesser price in comparison to the others, thus benefiting consumers with reasonable meal options.

b) **Coffee Shops**: Market Growth and Consumer Choice: The specialty coffee market has grown enormously because of competition between brands like Starbucks and Dunkin'. A report by Statista, coffee shop market at the U.S was valued at $45.4 billion approximately in 2020 and is probable to grow annually by 4.3%. This rivalry has ultimately led to diverse products such as flavored drinks and season specials, thus developing consumer choice.

c) **Personal Care Products**: Increased Options in Toothpaste: The relevant toothpaste market provides for the brands like Colgate, Crest, and Sensodyne competing largely for attention of the consumer. A study by Mintel reveal that the toothpaste market of the U.S was valued at $2.5 billion approximately in 2020. The existing competition among these brands has resulted in large range of products addressing certain consumer needs (e.g., whitening, sensitivity), providing more options for consumers[9].

3. **Oligopoly market:** It is a market structure that can be characterized by a limited number of firms that hold an important share of the market. This focus leads to interdependence between firms, meaning that the actions of one firm can significantly affect the others. The nature of rivalry in oligopoly can have positive impact on consumers, determining pricing, product types, and overall dynamics of market. In oligopoly market firms are interdependent, meaning that firms must consider the probable reactions of its competitors while making decisions about the price ratings and output. This interdependence develops a strategic ambiance where firms generally involve in competitive behavior to retain or develop their position in market. Oligopolistic firms may provide rigidity of price, where prices stand still inspite of differences in demand or costs. This stability leads to firms' hesitation in changing prices in fear of triggering price wars. This can lead to stable prices for consumers, it also means that prices are comparatively higher than they would be in other competitive markets. In certain cases, firms in an

[6] Perfect Competition | Definition, Benefits & Examples, https://study.com/learn/lesson/perfect-competition-characterisitcs-market-examples.html, (accessed 30 October, 2024).

[7] Perfect Competition: Examples and How It Works, https://www.jaroeducation.com/blog/perfect-competition-examples-features/, (accessed 30 October, 2024).

[8] Consumer choice and monopoly, https://www.openmarketsinstitute.org/learn/consumer-choice-monopoly, (accessed 30 October, 2024).

[9] Monopolistic Competition, https://www.personalfinancelab.com/glossary/monopolistic-competition/, (assessed 3rd November, 2024).

oligopoly market get involve in collusion, either explicitly or impliedly, to set prices or limit production. This kind of collusive behavior can lead to higher prices and low output, adversely affecting consumer welfare[10].

Examples

a) **Telecommunications Industry:** Price Reductions: In some countries, the telecommunications market is dominated by a few major sellers in the market (e.g., AT&T & Verizon in the U.S). The Federal Communications Commission (FCC) in its reports stated that, average monthly rates for wireless service dropped by approximately 30% from 2013 to 2020 due to pressures among these rival firms. This rivalry has resulted in better strategies of pricing and more data choice for consumers.

b) **Airline Industry:** Increased Competition and Lower Fares: The airline industry has encountered serious competition among major airlines like Delta, American Airlines, and Southwest Airlines. A report from the Bureau of Transportation Statistics in 2019 provided that normal domestic airfares reduced by about 20% from 2000 to 2018, mainly due to competitive strategies of pricing among airlines. Moreover, the introduction of low-cost carriers has grown options for consumers, which leads to more reasonable and affordable travel choices.

c) **Grocery Retail Market**: Supermarket Competition: The grocery market in U.S is dominated by some sellers in the market such as Tesco, Sainsbury's, and Asda. A report by Kantar Worldpanel in 2020, these supermarkets gets involve in price wars that resulted in lower prices for consumers. For example, Aldi and Lidl have gained market share by providing lower prices as compared to the big four, thus benefiting consumers with more affordable and reasonable grocery choices. This competition has led to an annual savings of £1 billion for UK shoppers[11].

4. **Monopoly:** This type of market structure has the tendency to abuse its dominating power because in this variant of market structure there exists only a sole firm that conduct its business alone and dominates the whole market product or service, thus leading to less or no competition. Here, the business owner or the monopolist has full and complete control on pricing of the product or service and its output, which can ultimately lead to various implications for consumers. Understanding how this variant of market structure influences rivalry and its impact on consumers is crucial so as to ascertain market dynamics and welfare of the consumers. In a monopoly market, there are no direct competitors because of the presence of sole seller, which in general curtails rivalry. The monopolist under this market structure holds a dominating position, which allow it to set prices without any fear or hesitation of losing customers to other rival firms. This lack of competition can result in compulsion, as the monopolist has no requirement for better innovation or improve the quality of products to attract consumers. Monopolists have the authority to ascertain and set prices according their own choice which can be above marginal costs because of their control over supply. This ability permits them to double the profits at the cost of consumer welfare. Since consumers have no other options, they are often forced to consider higher prices. In some cases, monopolies may be considered as a subject to regulation by government which aimed at discarding anti-competitive behavior. Regulatory bodies can put restrictions over price controls or enforce standards limits to protect the interests of consumer, though such measures may not absolutely recover competitive dynamics.[12]

Examples

a) **Telecommunication** – Upon the American telecommunications industry AT&T had monopoly during some part of the 20th century. The U.S. Department of Justice in 1982 filed an antitrust lawsuit against AT&T, leading to its breakup into several regional companies well known as "Baby Bells." This breakup resulted in competition in the market of telecommunications, thereby resulting in low prices, better and improved services, and innovations in technology. For example, consumers, after the breakup witnessed a significant adverse effect in profit in service and long-distance calling rates options as choices.

b) **Case of Pharmaceutical Industry**: **-** It was found that some of the pharmaceutical companies may undertake monopolistic positions on some specific drugs because of patents, public outcry, therefore regulatory scrutiny can give birth to pressure externally to lower down the price. For instance, there was repercussion that led to increased scrutiny and called for price regulation in the pharmaceutical industry only after Martin Shkreli's unethical hike in price of the life-saving drug Daraprim from $13.50 to $750 per pill in 2015. This incident ultimately urged the requirement for competitive practices that also resulted in discussions regarding drug pricing reforms that reflected positive impact to consumers by more awareness and request for legislative action.

c) **Big Tech Antitrust Cases:** Several antitrust lawsuits were alleged against Apple and Google for monopolistic practices that obstructs competition. For example, Google was alleged by the Justice Department of the U.S, for abusing its dominating power in search and advertising against strong competition. These legal challenges leads to increased scrutiny and necessary alterations in business practices that motivates competition, thereby benefiting consumers through lower prices and improved quality services.[13]

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[10] Benefits for consumers in an oligopoly market, https://www.ukessays.com/essays/economics/benefits-for-consumers-in-an-oligopoly-market-economics-essay.php (assessed 3rd November, 2024)

[11] Oligopoly, https://sendpulse.com/support/glossary/oligopoly (assessed 3rd November, 2024).

[12] Do Monopolies Actually Benefit Consumers? https://www.chicagobooth.edu/review/do-monopolies-actually-benefit-consumers, (assessed 3rd November, 2024.)

[13] The Impact Of Monopolies On Consumers, https://fastercapital.com/topics/the-impact-of-monopolies-on-consumers.html (assessed 6th November, 2024).

RELEVANT CASE LAWS:

1. **Competition Commission of Mauritius (2010)**
Here, a company whose businesses in the market was to develop processed cheddar cheese blocks. The company here was investigated by the Competition Commission because it was alleged for rendering discounts for premium shelf space by abusing its dominant power in the market. Because of the Commission's intervention and investigation there was the entry of two new brands into the market, which enhanced competition. This serious action taken up by the commission ultimately resulted in significant reduction of 14% price in cheddar cheese throughout the supermarkets in Mauritius, thus letting direct benefits to consumers by lowering down the prices and options for more choices.[14]
2. **Excel Crop Care Limited v. Competition Commission of India[15]:**
In this case emphasis was put on the importance of policy of competition in enhancing consumer welfare. The Supreme Court of India held that the main aim of competition policy is to increase consumer well-being by making sure of the efficacious functioning of market.[16]
3. **Sainsbury's v. MasterCard[17]:**
This case involved a dual sided market where Sainsbury's accused MasterCard for charging fees to merchants. The court held that if consumer suffered any unfavorable instance because of restricted competition then it must be balanced by providing necessary advantages that causes benefits to the same consumers, thus the Court reinforces the principle that consumer welfare is the utmost concern of competition law.
4. **Neeraj Malhotra v. Deutsche Post Bank Home Finance Ltd[18].:**
In this case the role of competition authorities in providing protection to the consumer interests against unfair competitive practices was dealt. The court held that competition law safeguards trade as well as protects consumer interests, thus putting emphasis on the dual focus of competition policy on both the integrity of market and welfare of consumer[19].

POTENTIAL DOWNFALL DUE TO EXCESSIVE RIVALRY

Severe rivalry in market structures can result in various potential downfall that can cause adverse impact on both consumers and firms. The main issues related with serious competition are provided hereunder:

1. Price Wars: Price wars basically takes place when the firms competing amongst each other continuously lowers down the prices to attract customers, this frequently leads to unsustainable pricing level. Though consumers may get benefitted at initial stage from lower prices, but long drawn price wars can diminish margins of profit for companies, thereby making it impossible for them to recover costs and invest in growth and development in future. This at the end might result in less innovation and bad product quality as firms sometimes work on reducing expenditures[20].

2. Reduced Profitability for Firms: Companies sometimes can be found fighting for continuous functioning when they fail to achieve the required revenue by backing their business model. Intense competition can compress the margins of profit, especially in industries where there is low differentiation amidst products. When various firm decides to give priority to the market share over profitability, they may encounter themselves in a perilous financial position and thus result in lesser investment in business closure and research and development also contribute in layoffs.

3. Market Consolidation: Firms those are smaller in size and less efficient may be expelled from the market, resulting in reduced competition with time. Exaggerated rivalry generally leads to a scenario of survival of the fittest that is where only the strongest firms shall survive. As competition gets reduced, the left over firms achieves a good amount of market power, which leads to monopolistic behaviors that can result in serious harm to the consumers through high rise in prices and lesser variety to choose from.

4. Decreased Product Quality: Several companies, for making an effort in maintaining the profit of the company many a time reduces expenditures during price wars, which results in diminishing the quality of the product or lowering down the standards of customer service. This at the end result in dissatisfaction of consumers and cause decline in the loyalty of brand. Firms generally focuses on short-term survival policy. This may take resources away from innovation and efforts in development, ultimately suffocating the growth that could favour consumers.

5. Psychological Impact on Consumers: Frequent and abrupt alterations in prices and promotions can create confusion in the minds of consumers, thus making it hard for them to make informed decisions during purchase. If consumers become habituated to low prices

[14] COMPETITION POLICY AND CONSUMER PROTECTION, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://cuts-ccier.org/pdf/Paper-3-Ethopia.pdf (assessed 6th November, 2024).

[15] Excel Crop Care Limited v. Competition Commission of India (2017) 8 SCC 47.

[16] Consumer Protection under the Competition Law, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://incsoc.net/pdf/consumer-protection-under-the-competition-law-surendra-knastiya.pdf (assessed 6th November, 2024).

[17] Sainsbury's v. MasterCard [2020] UKSC 24.

[18] Neeraj Malhotra v. Deutsche Post Bank Home Finance Ltd 5 of 2009.

[19] Consumer interest in competition law cases, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.biicl.org/files/1592_the_consumer_interest_in_competition_law_(final).pdf (assessed 6th November, 2024).

[20] Price analytics, https://price.kerala.gov.in/price3pmu/priceanalytics.htm, (assessed 10th November, 2024).

because of high competitive pressures, they may advance a twisted understanding of value, expecting lesser prices even when there exists high quality of the products.[21]

TECHNOLOGICAL ADVANCEMENT IMPACT ON MARKET RIVALRY.

The diverse technologies and its advancement, specifically with the help of e-commerce and digitally developed platforms, through internet, has notably altered the traditional market rivalry throughout various industries. This incorporation of e-commerce platforms has greatly lowered down the barriers to entry for budding businesses, permitting them to compete with the already established giants in the market without the need for brick and mortar stores. This democratization of market access has escalated competition, as smaller firms are now able to reach audiences worldwide with less or minimal infrastructural investment. Platforms considering Amazon and Alibaba have created ambiances where several sellers are offering products of similar nature, thereby reducing the prices and enhance consumer choices. This basically pressurized the traditional retailers to adapt or undertake risk of losing market share to more sharp online competitors.

Advanced technology has enabled consumers to compare products easily, read reviews of the particular product, and provides gateway for in-depth information regarding offerings from distinguished companies. This transparent nature makes the consumers empowered to take informed decisions, which in turn pressurizes companies to enhance and develop their value propositions and customer service. Online platforms generally favours data analytics to provide customized shopping experiences to consumers, which can gain customer loyalty and retention. Companies that appropriately utilizes these technologies can differentiate amongst themselves from competitors who do not use these technologies.

The growth and development of innovation in technological sector creates compulsion upon companies to frequently alter and adapt new business models. Firms that delays to innovate risk archaic as competitors favours new technologies to foster efficiency and engagement of customer. Tools that are found in online mode, allows companies to send their responses in time to the transformations brought in market and preferences of consumers. For example, businesses can consider different marketing strategies or inventory management in real-time on the basis of available details of data, giving them a competitive margin over rivals behaving as a turtle.

E-commerce discards several traditional costs related to stores of brick and mortar, as in rent and utilities. This permits retailers of online to offer products in lower prices or invest more in customer acquisition strategies and marketing, deepen the price competition in the market. The facilitation of price comparison in online mode has resulted in severe pricing strategies among competitors. Companies often delve in price wars to attract customers, which can destroy profit margins throughout the industry. Technology has made businesses to enter into markets worldwide which is a smooth procedure as compared to traditional methods. This global reach enhances competition not just locally but also on a global scale, pressurizing companies to be more competitive in pricing and in the quality of products. Companies must also modify their offerings to meet diverse cultural preferences throughout several regions, which count up the complexity but also extends opportunities for being distinguished in a crowded marketplace.[22]

EFFECT OF GLOBALIZATION ON LOCAL MARKET RIVALRIES AND ITS CONSEQUENT IMPACT ON CONSUMERS.

Globalization has brought some significant transformation in local market dynamics, such as increased competition and changes in consumer experiences. The impact of globalization in rivalries in local market and its after effect on consumers is both beneficial and challenging. Globalization has resulted in an inflow of foreign competitors into domestic markets, thereby enhancing the level of rivalry between different businesses. As companies from across the world fight for share in market, businesses in domestic market faces extreme pressure to innovate, to raise and make better the quality of the products, and lower down prices to retain its competitiveness.

Domestic businesses now have easy access to a wider range of resources and markets. This expanded reach permits them to sell their products globally, but it also means they must compete with international firms that may have lower production costs because of economies of scale or low cost of labor. The existence of large multinational corporations many a time leads to enormous price competition. For instance, companies doing businesses in low-cost markets can render products at much lower prices, thus making the local businesses bound to reduce their prices or they risk losing customers. This case creates a challenging atmosphere for small businesses that strive to match these price level while maintaining profitability. Apart from the challenges posed by more competition, globalization extends several benefits to consumers too. Competition worldwide typically reduces prices as companies struggle to attract price-sensitive consumers. Such decrease in prices can provide for more consumer welfare by making products more affordable in nature. Globalization entertains cultural exchange, thus helping consumers to discover newer services and products across different corners of the world. This exposure of global nature contribute greatly in broadening preferences of consumers and motivate in the adoption of new trends. For instance, the case study of McDonald's vs. Local Fast Food Chains. The success of McDonald's in several international markets many a time hinders its capacity to adapt and work on its menu reach out to balance local tastes while maintaining the identity of its own brand. In India, McDonald's has launched vegetarian options of food for consumers to meet the local dietary needs that is influenced by cultural standard surrounding meat consumption. This strategy of McDonald’s explains an understanding of domestic competition while reaching up to consumer expectations for offerings that are culturally relevant. The “Apple” being one of the very well known company faces several competitive landscapes in Asian markets in comparison to Western ones. For instance, in China to attract consumers who are prone to prioritize value over brand prestige, certain local markets like Huawei sway national pride and affordability. This motion pressurizes Apple to re-consider its pricing strategies and approaches towards marketing to continue its

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[21]Price, https://support.google.com/merchants/answer/6324371?hl=en, (assessed 10th November, 2024).

[22] Devanshu Gupta, (2020), Digital Platforms and E-Commerce in India – Challenges and Opportunities, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3577285#:~:text=One%20of%20the%20major%20drawbacks,of%20production%20in%20the%20market, (assessed 16th November, 2024).

market share among local competitors.[23] Because of globalization now access to a broader array of products from different countries became easy, thus permitting consumers to choose from wider variety of options that may not be available locally in the domestic market. This variety of options can result in better consumer satisfaction as individuals are now able to find products that are better than their own choices.[24]

While responding the competitive pressures, domestic firms frequently develop their quality of product and service offerings. Undertaking such step provide for quality improvement of products thus benefitting consumers with the help of better products and services made according to their needs. Globalization has not only benefitted the domestic market but also threw several serious challenges. Like, there is a high risk of homogenization of market where special local products and services may be shaded by multinational corporations by standardized offerings, as international brands dominate local markets. This can lessen the cultural diversity in consumer preferences. There are various small businesses that fight to strive against larger firms with good resources. The failure to scale operations or lower down prices can result in business closures, leading to less opportunities of employment within local communities. Businesses striving in domestic markets may become excessively reliant on international supply chains for components or raw materials. Disturbances in these supply chains because of the geopolitical tensions or economic fluctuations contribute in adverse impact in capacities of local production and availability of goods.[25]

CONCLUSION

The research paper analyses the importance of rivalry within several market structures that includes perfect competition, oligopoly, monopolistic competition, and monopoly and its impact on consumer welfare. It makes sure that competition develops innovation, increases product quality, and results in lower prices, ultimately favouring consumers. In perfect competition market, it can be seen that many firms sell identical products which lessens down the prices. Whereas, in oligopoly market, oligopolies can stimulate improvements in technologies but also may lead to rigidity of price or collusion, thereby causing potential harm to consumers. In monopolistic competition, firms distinguishes in their offerings, with increase in choices and innovativeness. In contrary, under the monopoly market, monopolies often leads to inefficiencies and high rise in prices because of no competition prevalent in market. The evolution of e-commerce platforms has greatly helped in lowering down the barriers to entry for growing businesses, permitting them to compete with the already established businesses in the market without the need for the stores made up of stones and cements. Globalization has brought some significant alterations in the dynamism of local market. It has led to the easy inflow of international competitors into domestic markets, thereby enhancing the level of rivalry among different businesses and thus creating pressure upon them to innovate and develop the quality of the products as to the customer satisfaction and retain them in the market. The study reveals that maintaining competitive ambiance in market is vital for enhancing consumer benefits through lower costs, better and improved quality of products, and greater choice.

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[23] Tiansi Yang, Cultural Variation in Perceiving Competition, (2023): ICHSSR 2023, ASSEHR 765, pp. 162–168, file:///C:/Users/HP/Downloads/125990860.pdf, (assessed 17th November, 2024).

[24] Globalization of Markets and Its Impact on Domestic Institutions, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?article=1004&context=ijgls (assessed 17th November).

[25] Impact of Globalisation on Small Scale Industries, https://okcredit.in/blog/impact-of-globalisation-on-small-scale-industries/#google_vignette, (assessed 17th November, 2024).

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