

competition: in economics, rivalry among producers to sell products to consumers

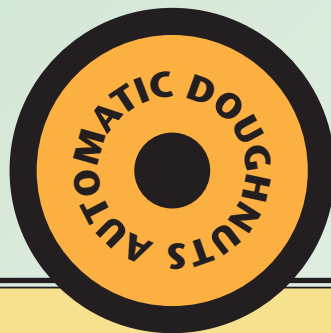
Competition

Competition is about producers striving to get consumers to buy their products. Producers attract consumers in a variety of ways — through different prices and product quality, for example. Many factors can affect **competition** in an economic system, including the values of consumers and decisions by government to become involved in decisions about supply and demand.

CASE STUDY

Two Doughnut Shops


Imagine there are two doughnut shops in your neighbourhood. Each wants your business. What can they do?




This shop specializes in cheap, plentiful doughnuts. It makes large quantities of doughnuts — five kinds — with a machine. It uses bargain ingredients.



This shop specializes in hand-made doughnuts. It employs a staff of bakers and uses high-quality ingredients. It makes thirteen kinds of doughnuts for higher prices.

 How has competition between the shops affected the variety and price of doughnuts available to you? How might this affect your quality of life?

 How has competition affected the decisions the shops have made about resources — for example, ingredients and labour? What impacts might these decisions have on you and your family or friends?

