**Characteristics of Monopolistic Markets**

In a competitive market, numerous companies are present in the market and supply identical products. Its demand curve is flat, whereas, in a monopolistic market, the demand curve is downward sloping. Companies that are operating in a competitive market can sell any desired quantity at the market price.

The following are the characteristics of a monopolistic market:

**1. Single supplier**

A monopolistic market is regulated by a single supplier. Hence, the market demand for a product or service is the demand for the product or service provided by the firm.

**2. Barriers to entry and exit**

Government licenses, patents, and copyrights, resource ownership, decreasing total average costs, and significant startup costs are some of the barriers to entry in a monopolistic market.

When one supplier controls the production and supply of a certain product or service, other companies are unable to enter the monopolistic market. If the government believes that the product or service provided by the monopoly is necessary for the welfare of the public, the company may not be allowed to exit the market.

Generally, public utility companies – such as electricity companies and telephone companies – may be prevented from exiting the respective market.

**3. Profit maximizer**

In a monopolistic market, the company maximizes profits. It can set prices higher than they would’ve been in a competitive market and earn higher profits. Due to the absence of competition, the prices set by the monopoly will be the market price.

**4. Unique product**

In a monopolistic market, the product or service provided by the company is unique. There are no close substitutes available in the market.

**5. Price discrimination**

A company that is operating in a monopolistic market can change the price and quantity of the product or service. Price discrimination occurs when the company sells the same product to different buyers at different prices.

Considering that the market is elastic, the company will sell a higher quantity of the product if the price is low and will sell a lesser quantity if the price is high.