# Participate in this discussion by explaining in what ways the firm that owns and operates the Rialto, Colony, and Studio movie theaters appears to be involved in monopolistic competition. This market structure has a number of defining characteristics. The purpose of this discussion is to provide evidence, or disclaimers, that (1) the Rialto is both monopolistic and competitive, and that (2) as such, the Rialto both adds to, and takes away from, consumer welfare. Discuss.

**STUDENT POST #1**

The rialto is both monopolistic and competitive. The three requirements for a monopolistically competitive market are that there are many firms, there are differentiated products, and it is free entry to enter. Movie theaters All offer the same movies as other theaters in the area and usually very many firms. The products are slightly differentiated with special theaters that serve food and beer, to old time movies, and cheaper more relaxed theaters, they are very different. Finally, it is free to enter, if you can just get the same rights as the others to get the movie sent, you can open a theater.

Monopolistic competition already makes no profit, so if it takes away from customer welfare, the government doesn’t have as much need to take it over like regular monopolies. The number of firms might also not be ideal for the area. If it over saturates or under provides than the consumer loses. These are inefficient and hard to fix so there is no easy public policy to improve the market outcome.

**STUDENT POST #2**

Monopolistic Competition is a market structure in which many firms sell products that are similar, but not identical. These goods are considered substitutes because even though the goods are similar, they are not complete substitutes for the product. Also as far as Studio movie theaters, they provide a service that is similar, but they're goods sold at the theater may differ. An example of this may be one might sell Pepsi products and another theater may sell Coke products. These opportunities for a theater to sell one product over another or offer many movie times is a part of the monopolistic competition that all theaters compete in. Each theater has the advantage of market power. They all can provide a service, it is just a matter of who executes it better. In order to be a good producer for a consumer you must follow trends. Trends include: which times are most popular for movie seekers, which food is most popular and is the setting the most comfortable around? All these factors allow for a movie theater to stay competitive with the evolving consumer.

**STUDENT POST #3**

The Rialto and Colony Movie theaters are owned by Ambassador Entertainment. These theaters are involved in monopolistic competition because they have a differentiated product that many other theaters in the industry don't have: independent and foreign movies. The conditions for monopolistic competition are 1) Many sellers 2) Differentiated products 3) Free entry and exit. Obviously there are many theaters and firms can enter or exit, but the reason theaters are monopolistically competitive are because they may choose to offer different movies, refreshments, atmosphere, alcoholic beverages, among other things. Some theaters even operate a restaurant inside the theater and guests can dine as they watch their movie. There are many ways to offer a differentiated product, and as such, these firms can mark up their prices over marginal cost. On the other hand, these competitive monopolies offer the product-variety externality. The Colony and Rialto Theaters contribute to consumer welfare because they add variety to the market, and provide an alternative to many other "big name" theaters that offer very similar showings.