Advertising

Advertising is the principal method that monopolistic competition firms and oligopolists use to differentiate their products. It is what economists call non-price competition.

Arguments for Advertising
1. It lowers consumers time and money costs of searching for products by providing the consumer with information.
2. Advertising helps firms increase output and realize economies of scale
3. Firms need advertising to enter markets and compete with existing firms
4. Overall, advertising increases economic efficiency by reducing consumer search costs, promoting scale economies, and increasing competition

Arguments Against Advertising
1. The purpose of advertising isn't to provide information, but persuade the consumer to buy the product.
2. Advertising is self-cancelling and raises costs.
3. Advertising is a barrier to entry, resulting in the negative effects of market power (high prices, less output, no efficiency).