Literature ReviewGroup 7Literature review is about the features of monopoly that leads to customer dissatisfaction, random pricing and lack of innovation due to absence of perfect competition.Beard, T., & Sweeney, G. H. (1994). RANDOM PRICING BY MONOPOLISTS. *Journal of Industrial Economics*, 42(2), 183This paper considers the conditions under which a monopolist might wish to randomize its pricing. When consumer demands depend on previous decisions by consumers, the magnitude of monopoly profits becomes effectively dependent on the welfare consequences of the monopoly's pricing policy. In these circumstances, differing attitudes towards price gambles between a firm and its customers can imply that randomized pricing is more profitable on average than the best deterministic pricing policy. Sufficient conditions for profitable randomizations, optimal randomizations, and incentive issues are discussed.Swan, P. L. (1972). THE INFLUENCE OF MONOPOLY ON PRODUCT INNOVATION: REJOINDER. *Quarterly Journal of Economics*, 86(2), 346-349. This article presents a reply to the article "The Influence of **Monopoly** on Product **Innovation,"** which explains the **monopoly** controlling the entry of the entire range of a group of substitute products, by Lawrence J. White. Feasibility for a firm to enter an endeavor to break down the **monopoly** pricing for the original product; Explanation on the role of sleeping patents; Consideration of the possible results of **monopoly.**Reinganum, J. F. (1983). UNCERTAIN INNOVATION AND THE PERSISTENCE OF MONOPOLY. *American Economic Review*, 73(4), 741. Following article discusses how innovation in a business firm leads to the establishment of its monopoly in the market. It is stated that a firm that enjoys monopoly through innovation earns additional profit that helps the firm to take up new challenges and also indulge in several research and development processes. The benefits of innovation are also explained by illustrating several economic equations. Several economic models depicting the effects of innovation in a firm on the business prospects have also been illustrated with detailed explanations.Tsikriktsis, N., & Heineke, J. (2004). The Impact Of Process Variation On Customer Dissatisfaction: Evidence From The U.S. Domestic Airline Industry. *Decision Sciences*, 35(1), 129-141. doi:10.1111/j.1540-5414.2004.02483.xThis paper investigates how process variation reduction affects **customer** **dissatisfaction** in the context of the U.S. domestic airline industry. They use quarterly data on all major carriers, available since the introduction of required reporting of service indicators to the U.S. Department of Transportation (DOT). Specifically, they investigate how both average performance and variation performance (consistency) of certain processes affect **customer** **dissatisfaction**. empirical results show that the relationship between process variation and **customer** **dissatisfaction** is contingent upon a company's average performance with regard to each process. Consistency is at least as important as average performance for high performers, while it has limited impact for low performers.Beard and Sweeney (1994) in their article conclude that in many cases consumer demands for a product depend on prior decisions by consumers, they have illustrated that price randomization are profitable for firms with market power under certain conditions. Moreover, a profitable price randomization creates an attractive price gamble for consumers that includes favorable consumer commitments, thus increasing average firm profits above those obtainable through deterministic pricing. they have also concluded that the random pricing mechanism represents a specific application of an idea of potentially great generality, when attitudes of firms and consumers toward certain types of gambles differ favorably, and when consumer demands depend on previous consumer commitments ( which may refer only to costly-to-reverse travel to a point of sale). Price randomization has definitely positive and negative effects. Pricing is very important as for firm and for consumers. Above article highlights a positive side of random pricing on a certain circumstances, such as ex.firm's attitude. Needless to say that firm's attitude, especially in artificially monopolized company, does not care customer satisfaction as much as in perfect competition. Customer can be satisfied in a different way, the most basic is avordable prices and opportunity to choose the best alternative that is offered on a market . Monopoly is one of the way of doing business and is not always considered horrible as long as it satisfies customer's demands and expectations. In addition to that, a company itself has to improve all the way it operates, however, many monopolized firms do not consider this aspect, and charge prices randomly despite the fact that demand for a product or service depend usually on prior decisions by consumers, and if they were negative it is bad for any company.Second aspect is lack of innovation in monopolized firm. The reason why it happens is obvious. Monopoly is prohibited by many countries? Why? Because, monopoly eliminates other alternatives that can be offered and discourages companies management improve in a better way. Of course if the company does not have ANY competitor it has their forced to use their service customers, and is satisfied with the profit that it has; as a result, there is no need to innovate, because any innovation is costly for any firm, especially for monopolized one. Swan (1972) in his article discusses the impact of monopoly on innovation. Mainly he points out how monopolized companies makes patents and high value on a particular product or service. In order to link this article to our problem, we can surely say that a patent is closely related to monopoly. Patent eliminates opportunity for other not only to enter the market, but also work toward improvement . The question is ".. should we let him have the air monopoly too or should we permit new firms to produce new service?" (Swan, 1974). The other issue is customer dissatisfaction which is a result of monopoly. Tsikriktsis and Heineke (2004) on the example of U.S. domestic airlines company discuss how does the process variation affect customer dissatisfaction, objective was to model customer dissatisfaction, described by external measure, namely complaints, as a function of service features described by internal records, such as late arrivals and denied boarding. One of the process of variation that is discussed in the article is the presence of heterogeneous customers introduces variation into service delivery. This is because of preferences and expectations differ across customers. As an example, one customer might want fast service, another might want to have other. Serving both of these customers well for a company requires different amounts of time, and thus introduces variation(2004). Needless to mention, that in a pure monopoly such variation is taken to account less than in a pure competition. To sum up, monopoly can make the company be profitable, if and only if it satisfies its customers, but with the poor management strategy it can also lead to customer dissatisfaction, random pricing and lack of innovation due to absence of pure competitionReferences

Beard, T., & Sweeney, G. H. (1994). RANDOM PRICING BY MONOPOLISTS. *Journal of Industrial Economics*, 42(2), 183. Retrieved from EBSCO*host*Swan, P. L. (1972). THE INFLUENCE OF MONOPOLY ON PRODUCT INNOVATION: REJOINDER. *Quarterly Journal of Economics*, 86(2), 346-349. Retrieved from EBSCO*host*.Reinganum, J. F. (1983). UNCERTAIN INNOVATION AND THE PERSISTENCE OF MONOPOLY. *American Economic Review*, 73(4), 741. Retrieved from EBSCO*host*.Tsikriktsis, N., & Heineke, J. (2004). THE IMPACT OF PROCESS VARIATION ON CUSTOMER DISSATISFACTION: Evidence From The U.S. Domestic Airline Industry. *Decision Sciences*, 35(1), 129-141. doi:10.1111/j. 1540-5414.2004.02483.x