

Introduction  
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## **Introduction**

One of the most fundamental basics of micro-economics is the supply and demand of services or products of a given nature. Despite its frequent use, the analysis of the supply and demand of the products in the market provides a very basic understanding of the market nature and what should be done to promote either of the factors when it is down (John, 2001). In every product that is in the market, one way or another there must be a substitute which is called competitor in the market and a complements which works together with the product, the most typical example of a complement is the ink of a biro pen, if you can buy a biro then you ought to afford the ink for the biro just like the case of a car and fuel, they are complements of each other even though they don't have a direct relationship. The changes in the prices of one product can have some effects on the prices of its complements. On the other hand, substitute products have a direct relationship because one can be replaced for the other. This effect is the genesis of the marketing strategies that we witness in the modern world. Increase in marketing strategies has been largely contributed by the increases in the number of the substitute products available in the market. In essence, the higher the demand of a certain commodity or services, the higher the number of competitors in the market fighting for the commodity or the services by supplying the need to the market (John, 2006). This analysis is going to discuss the demand and the supply of a commodity which is the computer in this case.

## **Factors that can change supply and demand**

Some of the factors that affect the demand and the supply of a computer include the following; the initial factor that can affect the supply of computer to a particular region is the demand of the computer services in the region. If a region has less demand for computer services, there is going to be less demand for computers in the region. The supply of the computers is also limited by the availability of the substitute products like the PDA and advanced phone handsets that can perfectly perform the task of a computer.

Additionally, the demand of the computers is subject to the availability of services that requires computers, such activities includes the Cyber Cafe, computer learning center, major offices which computer systems required in a given region among other factors that will demand the services of computers.

## **Substitutes of the product**

In our case, some of the most common substitute of the computer includes; Personal Digital Assistant (PDA) and advanced mobile handsets. These two products are the major replacement or substitutes of the computer. They are the substitutes of the computer because one can use the product instead of opting to buy a computer. A PDA is a typical example of a computer substitute because it does the functions of the computer with minimal effort and space unlike the computer which occupies space and hence creates inconvenience to the user while travelling.

A mobile phone also creates a typical substitute of a computer because of its ability to perform the task of a computer with an added advantage of its size.

The two products are the typical examples of the computer substitutes available in the market.

## **Complements of the product**

From the basics of microeconomics according to William (2008), a complement of a product is the product that is needed for the primary product to work properly. In essence, some of the most basic complements of a computer are the peripherals such as the printer, joysticks, scanners, the internet connection, and software systems. There are both hardware and software complements of the computer. Software developers are usually the primary developers of the complements of a computer system. Software's perform both the primary and the most fundamental role in a computer system; a computer cannot be functional without its software's installed. Additionally, software's perform the secondary factor of adding value to the computer system.

The value added by the software's has been the genesis of the ever increasing demand for the computer.

## **How necessity impacts on the price elasticity of the product**

The elasticity in microeconomics as explained by John (2006) is the relative change in the demand with respect to the changes in the pricing of the commodity in question. It is usually expressed in a ratio as follows a typical graph for this ratio is normally given as shown below; With the increase in the necessity of the product which is a computer in this case and keeping the price constant with other external factors, in an ideal situation, it is expected that the price elasticity of the of the computer will be positive. In

the real world this might not be the case because of the assumptions made; the increase in the necessity will lead to increase in the number of competitors who are substitutes of the product. On the other hand, the increase in the necessity may cause an increase in the price which may result in a constant or not effect on the elasticity of the product.

## **Conclusion**

This paper has succinctly discussed the factors that influence the nature of the demands and the supply of a commodity which is taken to be a computer in this case. The demand of the computer is subject to its substitutes and to some extent its complements, it complements simply adds value to the computer while its substitutes reduces its demand in the market. The price elasticity of the commodity is subject to the changes in demand as a ratio of the price.

The necessity of the product is thus supposed to increase its price elasticity; however this is not always the case because of other influencing factors.

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