

1: principles of economics

Literature, Russian Literature



Assignment Principles of economics Chen ed the article, ' Profit surge for AT&T, Outstripping expectations,' which the New York Times published on January 28, 2013. One of the points that the article highlights is the factors to the company's rise in revenues that the author links to factors to demand for the organization's products. According to the author, efficiency of the company's wireless business, and the company's " U-verse phone, and internet, and television service," and other products contributed to the better performance (Chen, 2014, p. 1). In recognizing the role of products in generating demand towards revenue growth, the author explains the company's intention to improve quality of its networks and services as well as product diversification. Product diversification also contributed to the revenues as the firm offered internet services for vehicles and extended the services to home and advertisement applications (Chen, 2014).

Market segmentation is another with its benefits in profit maximization is another major point that the author illustrates with AT&T's increased revenues and profitability. The company identified contract subscribers as its prime revenues source and recruited more than half a million subscribers, a venture that turned out to sales of more than a million smart phones. Other product based focus areas such as high-speed internet subscribers and televisions subscribers had significant number of customers. Marketing initiative towards a wider market command is another major point that the author demonstrates through the company's initiatives that aimed at winning customers from its rivals. Initiatives such as AT&T's application of similar marketing strategies as those of T-Mobile and offering T-Mobile's customers financial incentives to switch to AT&T are examples. Claims of

customer migration from AT&T to T-Mobile is another issue that the author discusses but the claim is not ascertained (Chen, 2014).

The points identify the role of market size as a significant factor to demand and revenues that an entity can generate from its sales. Identifying increase in number of subscribers as a factor to increased revenues and profitability explains this. Efforts that AT&T made and is planning to make towards increasing its market base also explains the role of market size, which is a factor of population size and attitude towards products, as a significant factor to demand (Chen, 2014; Husain, 2010).

A perfect competition is evident in the described market environment and explains the behaviour between AT&T and T-Mobile. The two companies are just a set of top market controllers but there exist other sellers and many buyers to define a competitive market. The market environment ensures still competition among sellers and evokes strategies for competitive advantage. Developing products of superior quality and offering financial incentives are such initiatives that the author explains between the two organizations (Chen, 2014; Sollish and Semanik, 2012).

Stiff rivalry and direct customer mobility across sellers are other features of a perfectly competitive market and are evident in the article as AT&T offers financial incentives to attract T-Mobile customers while T-Mobile claims customer migration from AT&T (Chen, 2014; Sollish and Semanik, 2012).

The author does not offer personal comments but assumes a professional and analytical perspective that reports facts. I however agree with the offered information because it is backed by data from the organization's accounts records or reliable personnel.

References

Chen, B. (2014). Profits surges for AT&T, outstripping expectations. New York Times. Retrieved from: <http://www.nytimes.com/2014/01/29/technology/att-reports-strong-subscriber-growth.html?ref=business>.

Husain, T. (2010). Engineering economics. New Delhi: Laxmi Publications, Ltd.

Sollish, F. and Semanik, J. (2012). The procurement and supply manager's desk reference. Hoboken, NJ: John Wiley & Sons.