

What are the
differences between
price and non price
competition



To increase the profits or revenue of any firm we choose price competition or non price competition. price competition is a competitive situation in which price is major means of differentiating the products

A product or service can be competing in the market by many ways. In price competition , two products which are similar compared by the customer on their respective pricing, the customer mainly purchase the product on the basis of which is cheaper, they are other ways of competition but price comparison will effect.

Price competition is one of the marketing strategy which used by firms to increase profits and revenue of the firms. To compete efficiently firm must be match the price or it need to be beat the price. Firm must be lowest cost producer and it need to change price frequently , in price competition even your competitor respond to your price your firm need to respond as quickly as possible when the competitor change the price . Customer will switch to brand which is low priced brand

Non price competition:

Non price competition is a competition among different firms that they distinguish their products example: product features, style, delivery, promotions, advertising, selling staff etc. non pricing competition is mainly used by firms to distinguish their products, any firm can use non-price competition it is common for monopolistically competitive firms because firms which operates in monopolistically competitive market are price takers.

Non price competition is a marketing strategy to increase profits and firm revenue. Every firm try to distinguish their products by its quality or

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promotions or product features any other sustainable competitive advantage other than price, Can build customer loyalty towards the brand. The firm must promote the distinguishing features to create customer awareness.

MONOPOLISTIC MARKET

The market structure of monopolistic competition is situated between those of perfect competition and monopoly

- 1) in monopolistic competition profits can be maximized when marginal revenue equals to marginal cost $MR = MC$.
- 2) there are many buyers and many sellers
- 3) the products being sold are differentiated or heterogeneous in character
- 4) there is free entry or exit of firms
- 5) the goal of the firm is to maximize the profits both in short run and long run short run comes under price competition and long run comes under non-price competition
- 6) product differentiation is high
- 7) competition on quality, price, marketing

OLIGOPOLISTIC MARKET

Oligopoly market is an imperfectly competitive market structure in which few large firms dominate the market. oligopolistic market is non-price competition because product differentiation exists in it, firms have reason to compete on the basis of other factors besides the price

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Characteristics of oligopoly market

- 1) few sellers
- 2) either a homogeneous or a differentiated product
- 3) different market entry
- 4) oligopolistic competition are price maker
- 5) in this few large firms one firm action influence others

the four market perfect competition, monopoly, monopolistic competition, oligopoly in which firms in perfect competition are price-taker, whereas firms in other three markets are price makers

ELASTICITY

The elasticity of demand is the measure of response of demand for a product to change in any of its determinants example price of the product, price of substitutes, price of complements, consumers income and consumers expectations regarding prices.

If the price of the compulsory goods can be increased and the consumer can choose the complementary goods then it is called elastic and the consumer cannot choose the complementary goods, they are compulsory goods then it called inelastic

There are different types of elasticity of demand

- 1) price elasticity

2) cross elasticity

3) income elasticity

Price elasticity of demand: the price elasticity of demand is demand for the product or firm to change in its price, elasticity of demand is the percentage change in the quantity demand of a firm or product as a result of certain percentage change in its price

$E_p = \frac{\text{percentage change in quantity of demand}}{\text{percentage change in price}}$

Price Elasticity

if it is more than 1 Elastic Demand - when price changes quantity of demand for product is also increased When

if it is less than 1 Inelastic Demand - when price decreases quantity of demand for the product is little increased when compared to previous revenue

Unitary Elastic - when price decreases quantity of demand for the products is equal as previous revenue.

Price elasticity for individual goods If the goods are luxuries elasticity will be higher, when substitutes are available consumer have choice and time to choose.

When $ED > 1$ point is above mid-point, demand is elastic.

When $ED = 1$ point is at Midpoint, demand is unit-elastic

When $ED < 1$ point is below the midpoint, demand is inelastic

When elasticity of demand is price inelastic, whenever price decrease reduces total revenue.

When elasticity of demand is price elastic, whenever price decrease increases total revenue.

In unit elastic demand, whenever price decrease there is no change in the total revenue

Arc and point elasticity : when price elasticity of demand is measured between any two finite points on a demand curve it is called arc elasticity and elasticity measured at a point on the demand curve is called point elasticity

Cross Elasticity of demand: cross elasticity defines A change in the quantity of demanded for one product is created by a price change in a related product i. e substitute good and complimentary good represents cross elasticity of demand.

If two goods are substitutes for each other cross elasticity is high and if the two goods are totally different and unrelated , cross elasticity between them is zero.

When cross elasticity is positive between two goods then they are called substitutes . when cross elasticity is negative between two goods they are

not complementary as this is found price change is very strong when income effects.

Income Elasticity of Demand: A small change in consumer income will lead to change in quantity of demand for the product.

As consumer income increases and income spend on the product is same as before elasticity for the product is one.

If the proportion spent on the product increases as income increases then the income elasticity for the product is greater than one

If the proportion spent on the product decreases as income increases then income elasticity for the product is less than one

Factors affecting elasticity demand

- 1) The fraction of income spend on the good
- 2) How narrowly defined the good is
- 3) How easy is to find out about substitutes
- 4) How much is available to adjust to price changes
- 5) nature of commodity
- 6) differed consumption
- 7) time factor
- 8) price level

9) joint demand

SHAMPOO USAGE

I visited a local super market and focused on shampoos section where I found wide range of shampoos of different brands. There are few companies which produce many varieties of shampoos and conditioners which will be available at any store at a reasonable rate. In my paper I specified on the following company brands which are listed below

1) Hindustan unilever limited

> Dove

> Clear

> Clinic plus

> Sunsilk

2) Procter and gamble

> Head & shoulder

> Pantene

> Rejoice

3) Cavinkare

> Meera

> chick

> nyle

4) loreal

> Garnier fructis

5) ITC

> vivel ultra pro

HINDUSTAN UNILEVER LIMITED

Hindustan unilever limited which was established in 1933, the first shampoo which they launched was clinic plus which had a great demand compared to the other company products at that time (19's). The main reason was they were successful in satisfying the customer, which made there brands so popular.

CLINIC PLUS

Clinic plus launched 3 different varieties of shampoos

1) Clinic plus strong and long health shampoo

2) Clinic plus strong and natural shampoo

3) Clinic plus long and strong anti dandruff

Another shampoo brand from Hindustan unilever limited is Sunsilk, a global brand which was launched in 1964.

SUNSILK

Sunsilk was launched in 6 different varieties

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Sunsilk Thick & long shampoo & conditioner

Sunsilk soft and smooth shampoo & conditioner

Sunsilk hairfall solution shampoo & conditioner.

Sunsilk damage repair shampoo & conditioner

Blackshine shampoo.

Anti-dandruff shampoo.

ALL CLEAR

Clinic all clear is another brand from Hindustan unilever limited, it is the first brand which targeted men specially. Formulated anti dandruff shampoo it was launched in 1980 in india and 14 other countries world wide later it was renamed as CLEAR.

Clear is available in 5 variants

Active Care

Ice Cool.

Hair fall Defense

Soft Gloss.

Radiant Black

DOVE

Dove is the leading brand from Hindustan unilever limited globally dove was launched over 80 countries world wide and it is also called fastest growing hair category brand in India , dove attracts wide range of female customers

Dove has a wide range of hair care products that repair accumulated damage and protect and care for the hair . The new Zero Damage System repairs and protects hair from damage. There are variety of shampoo from dove and conditioner

Dry therapy

Breakage therapy

From the HUL company there is a cheaper product like clinic plus and sunsilk which helps rural people and costly product like dove for urban people. From both urban rural areas HUL is covering both urban and rural areas

To increase the sales HUL released shampoos in various sizes for various brands

For clinic plus, sunsilk the prices are similar

7. 5 ml sachet-3 rs

100 bottle - 67 rs

200 ml bottle- 120rs

For dove the prizes of respective samples is

7. 5ml sachet - 3 rs

100ml bottle - 130 rs

200 ml bottle - 215 rs

In the local store 35% of the place is occupied by hul products

HUL occupies market share over 50%

PROCTER AND GAMBLE

Procter and gamble launched head & shoulder and it is world's no one anti dandruff shampoo, which reduces not only dandruff but also eliminates p. o value.

HEAD & SHOULDERS

Head & Shoulders released 6 different varieties of products:

Head & Shoulders Smooth & Silky.

Head & Shoulders Refreshing Menthol

Head & Shoulders Clean and Balanced

Head & Shoulders Silky Black

Head & Shoulders Naturally Clean

Head & Shoulders Nourishing Aloe Vera

PANTENE Pantene is the product of Procter and gamble, which was launched keeping women as there prime focus. Pantene is the shampoo that conducts' survey on ladies hair loss.

Rejoice is the another brand from Procter and gamble who launched Asia's No. 1 shampoo ' Micro-Silicone' conditioning technology gives twice as smooth, and easy to comb hair versus ordinary shampoos. as it use natural ingredients like henna, amla, reetha and shikakai.

P&G released its products in 3 different varities :

Rich:

Silky Clean

Complete

Products from the Procter and gamble is highly costly product which covers only urban areas

In the rural areas only 7. 5 ml sachets will be sold out 40 % of company profits is from sachets only

Prices of p&g is as follows

7. 5 ml sachet-3 rs

100ml bottle-110rs

200 ml bottle -210rs

In local stores place occupied by the P&G is 25%

P&G occupies market share over 16 %

CAVINKARE

Cavincake was established in 1983 it launches 3 different varieties of shampoos

Meera - it is pure herbal shampoo with badam enriches and many herbals

Chick is the first shampoo launched by the cavinkare at the time of clinic plus it is competitor for clinicplus chick is one of the most used by rural peoples

Nyle- nyle shampoo is newly launched by cavincare it is in 4 different varieties Amla, Tulsi, Aloevera and Green tea

Calvinkare products release their products in following sizes

7. 5ml sachet-3 rs

50ml bottle- 35 rs

100 ml bottle -60rs

200ml bottle - 110 rs

In local stores place occupied by the P&G is 15%

Calvinkare occupied market share over 19%

LOREAL

Garnier was launched in 1991. Garnier was launched with ultra Duox range of shampoos in the year 1991. Garnier is not an Indian brand but it has crafted a special place in today's Indian market. Garnier has reached peaks because of its innovations and by launching new products which attracts the consumers. Presently garnier has targeted the middle and upper class by reducing its price and launching huge range of their collection.

It has two sub brands they are

> Garnier fructis and

> Garnier ultra doux

Garnier fructis was launched with different varieties like

Garnier fructis daily care shampoo

Garnier fructis triple nutrition fortifying shampoo

Garnier fructis anti-dandruff shampoo

Garnier fructis sleek & shine shampoo.

The credit of launching a color shield shampoo and Shampoo + Oil 2 in 1 shampoo goes to Garnier. It is the first company to launch a shampoo which contains essence of oil and shampoo together in a same pack. Coming to the garnier shield shampoo it was launched in order to nourish and strengthen the colored hair.

Garnier could sustain its level in Indian market by introducing variety of products into the market and by there advertising style. Its innovative ideas and new releases are making its products popular. On a survey it was noted that the number of consumers using Garnier has drastically increased as they make there products from natural fruit oils which are harmless. Garnier has reached to the core of the market as it is able to satisfy its consumers and meet there requirements.

Garnier products released their products in th following sizes

7. 5ml sachet-3 rs

100 ml bottle -115

200 ml bottle- 220

In local super market space allocation for the loreal products are 15 %

Loreal products occupy market share over 10 %

ITC

Itc launches vivel ultra pro in 2009 with 3 years extensive research it as unique actipro -z omplex which will solve dandruff problems

VIVEL ULTRA PRO

Vivel ultra pro products released their products in th following sizes

7. 5ml sachet-3 rs

100 ml bottle -90

200 ml bottle- 160

In local super market space allocated for the product is 5%

It occupies market share over 5%

CONCLUSION

From the above shampoos I conclude most of the shampoos sachets is sold instead of bottles due to price many of the shampoos companies get 40 % profit from sachets only HUL is occupied 1st place in shampoos market it has low price products to attract rural areas and high price products to be sold in urban areas it occupies 50% of market share. And then calvinkare because it is mainly used by rural areas due to price comparison , calvinkare products are relatively low when compare to any of the other it occupies 19% this are the only 2 leading companies in shampoos market