

Economics assignment on floor cleaning detergents



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Market: Market structure refers to the environment in which the buyers & seller of the product operate & interact directly or indirectly.

Classification of Markets

Market Characteristics

Market Type

No. of Firms

Entry Conditions

Pricing power

Product Differentiation

Equilibrium Condition

Demand Curve

Elasticity of Demand

Perfect Competition

Many Free Price taker Homogeneous $MC = MR = AR = P = \text{Min AC}$ Horizontal
Straight Line Perfectly Elastic

Monopolistic Competition

Many Free Price taker Close Substitutes, differentiated $MC = MR$ Downward
Sloping High Elastic in long run

Oligopoly

Few Restricted Some market power Might be differentiated MC passes through discontinuous MR Price determined at Kink Downward Sloping Relatively Elastic

Duopoly

Two Restricted Some market power Might be differentiated $MR = MC$ Downward Sloping Relatively Elastic

Monopoly

One Restricted Price maker No differentiation and no close substitutes $MR = MC$ Downward Sloping Relatively Inelastic

PRICE COMPETITION - In Price competition, firms sell identical products to compete on the basis of price, trying to attract new customers & thereby increasing the market share. It exists in all types of markets except Perfect Competition as they are price takers & not the maker.

Monopolistic competition- As the products offered by each firm are close substitutes, so there is price competition among the firms to attract more customers.

Oligopoly- Products might be differentiated as few firms are in the market & price competition lies to increase market share.

Duopoly- Two firms are only there who lead the market & a small change leads to a shift of demand for a firm.

Price competition is irrelevant in-

Perfect competition- In this type of competition all the products are homogeneous & are sold by different sellers so price competition is not possible in perfect competition.

Monopoly- In monopoly a single firm is equal to industry so there is no competition at all, a firm decide his own prices.

Price elasticity of demand- PED or E_d is a measure used to show how the quantity demanded of a good or services responds to change in the price of that good.

Perfect competition- Demand is perfectly elastic, quantity demand changes with no change in price as price & products are homogeneous.

Monopolistic competition- Demand is relatively elastic, with small change in price leads to large change in quantity demanded as all the products are close substitute to each other.

Oligopoly- As oligopoly is combination of monopolistic competition & monopoly, the products might be differentiated & price elasticity is relatively elastic.

Cross price elasticity of Demand – Cross price elasticity measures the responsiveness in the quantity demanded of one good to changes in the price of another good.

Substitute has positive cross price elasticity. It exists in Monopolistic competition, Oligopoly, & Duopoly as the products are close substitute to each other in this market & there a slight change in the price of a product will increase the demand for another product.

NON-PRICE COMPETITION - It is a marketing strategy, where a firm tries to distinguish its products or services on the basis of attributes like design, quality, & other competitive advantage other than price. Non-price competition involves promotional expenditures (such as advertising, sales promotions, special orders, or free gifts), marketing research, new product development, & brand management costs.

Monopolistic competition- Large number of buyers are there in monopolistic competition & due to product differentiation non-price strategies may be apply to attract customers & increase market share.

Oligopoly- Many buyers with few firms, compete on non-price competition so as they may have increase in the market share with product differentiation.

Advantages of non-price competition-

Enables companies to make unique different image from other competitors in the market by providing quality product.

The design and different features of product offered in the market matches the demand in the market and needs of the people in that area.

Location of distribution for target customers is given importance. Goods are provided to buyers matching their convenience and needs.

Quality of service that are given by the employees. CRM is very operational and builds customer loyalty, very true in the case of hospitals, hotels, spa, parlors, even groceries and supermarkets.

Non-price competition can be an effective means for growing market share and profitability.

Non-price factors affecting demand-

Tastes & preferences of buyers.

Future expectation of buyers.

Income of buyers.

Number of buyers.

Fashion.

Seasonal factors.

Non-price factors affecting supply-

Number of sellers.

Changes input prices.

Change in technology.

Expectation of buyers.

Product differentiation- A situation where a producer or firm tries to win over the market or increase its market share by adding certain features to the product so that it becomes different from the other products.

Features of product differentiation-

Technical standards- How advanced is the product in terms of the current state of technology. For example if you are purchasing LAPTOP then this point would play a very vital role in the consideration.

Quality standards- Quality of raw material used in the product whether it is related to the manufacturing or the assembling, as this directly affects the durability of the product. Therefore the quality of the product plays a very important role in non-price competition.

Design standards- It refers to the overall structure of the product that is provided in the market by a customer. This can play a vital role in attracting the customers. Thus the producers can try and make a better design standard of their product.

Service standards- This point generally refers to the after services given to the customers after the purchase has been made by them and thus if the after sales provided to a customer is good by any company then the level of satisfaction also will be high by the customer.

Types of product differentiation-

Vertical product differentiation- this can be defined as “ where a product differs from the product that its rival firm produces in terms of quality.”

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Horizontal product differentiation- this can be defined as “ when a product differs from the rival’s products, although the quality of the product seems to be of the similar nature.

Non-price competition is irrelevant in-

Perfect competition- In perfect competition since all the products manufactured by the firm are homogeneous in nature & the firm is price taker, thus there is no point of non-price competition among the existing firms.

Monopoly- Monopoly is the market where there is only a single producer in the market & he is the price maker, thus the concept of non-price competition does not apply. And also due to the fact that there is restriction in the entry on the firm in this type of market.

CONCLUSION:

From the above explanation it is concluded that a manufacture should carefully apply the promotional tools either by using the price components or by non-price strategies on the basis of markets conditions & the type of his market. The strategies applied by him will help in achieving objectives i. e. profit maximization, increase sales etc. according to the competition which he is facing in market.

Elasticity:

Elasticity is the ratio of the percent change in one variable to the percent change in another variable

ECONOMICS ASSIGNMENT ON FLOOR CLEANERS

VISIT PLACE : MORE MALL, SENAPATHI BAPATH ROAD.

PERMISSION OBTAINED FROM : Sales staff.

TIME SPENT AT THE STORE : 1 Hour.

PICTURE OF MALL :

Household cleaner market in India is mainly split into:

1. Toilet Cleaners: Toilet Cleaner are further split into Liquid Cleaners, Drain Cleaner and In – Cisterns.

2. Surface Cleaners: Surface Cleaners are split into Floor Cleaner, Multipurpose and specialized Cleaners. The specialized cleaners are further split, based on their application areas

Companies & Brands

HUL – Domex

Reckitt Benckiser – Lizol, Harpic, Easy Off Bang

Dabur Balsara – Sanifresh, Dazzl

Cavinkare – Tex

Henkel – Pril, Bref

Sara Lee – Kiwi Kleen

S C Johnson – Mr. Muscle

Brands in Toiler Cleaner Segment

Harpic

Kiwi

Bref

Sanifresh

DeepClean (Local Brand in Kolkata)

Domex

Brands in Toilet In-Cistern

Harpic

Bref

Kiwi Kleen

Brands in Floor Cleaning

Lysol

Domex Phenolic Cleaner

Brands in Specialized Cleaners

Glass & Household Cleaner: Collin, Pril

Only Glass Cleaner: Mr. Muscle

Power Cleaner: Easy Off Bang

Kitchen Cleaner: Mr. Muscle

Degreaser: Pril Multi Degreaser

Market Trends

Only 3% of the households use floor cleaners. 97 % use proxy products which are the combination of phenyl, detergents , acids and bleaching powders

While the local floor cleaners such as phenyl form 50 per cent of the market, speciality cleaners has been driving the growth for the category over the last few years

Some Positioning Platforms

Domex: 100% Germ Protection

Harpic: Triple benefit: Stain removing, freshness and germfree (Celebrity like Aman varma entering a house and cleaning the toilet)

Easy Off Bang - Cleans the tough stains, rust, hardwater build up (tough stain remover)

Punch Lines

Easy Off Bang: Bang... And Dirt is Gone

Harpic: Ready for the Challenge?

Part 2.

Floor cleaning detergents

Harpic.

History of Harpic:

A Brand product of Reckitt Benckiser,

Started in the year of 2010.

Form: liquid

Different Floor Cleaners under RBIL.

HARPIC KITCHEN CLEANER

Volume: 35 ml, 500 ml, 200 ml

Price: —, Rs 50, Rs 20

HARPIC FLOOR CLEANER

Volume: 35 ml, 500 ml, 200 ml,

Price: —, Rs 54, Rs 24,

HARPIC TOILET CLEANER

Volume: 35 ml, 500 ml, 200 ml,

Price: Rs 4, Rs 54, Rs 24,

Mr. Muscle

Info of MR. Muscle

A product of SC Johnson Company,

Started in the year of 1915. In UK

Tackle: Tough kitchen grease and grime fast and effectively with anti-bacterial action.

Fragrance: Lemon fragrance

Mr Muscle® Kitchen Lemon Fresh with Anti-Bacterial Action*

Mr. Muscle Kitchen cleaner

Volume: 35 ml, 500 ml, 200 ml,

Price: -, Rs 70, -,

Mr. Muscle Toilet Cleaner

Volume: 35 ml, 500 ml, 200 ml,

Price: -, Rs 65, -,

DOMEX:

Domex Kitchen cleaner

HUL - Domex

Volume: 35 ml, 500 ml, 200 ml,

Price: -, Rs 45, -,

SHELF COVERAGE :

OBSERVATION :

NUMBER OF PRODUCTS :

From the above analysis , it is evaluated that Hindustan Uniliver have more range of products than any other company and covers 43. 33% shelf space for its different products.

RBIL also cover 20% of the shelf space.

PRICES :

Comparing to different company's cleaners , the prices are relatively higher than other floor cleaners, this indicates this is normally produced for targeting premium customers.

The price of Harpic&Domex is relatively lower as compared to the different floor cleaners .

ECONOMIC CONCEPTS LEARNED :

Opportunity cost :

In HUL the opportunity cost for producing the Domex is, it is cost forgone by choosing one option over an alternative one that may be equally desired.

Pricing strategy :

The price strategy of company is such that there is a minor difference in there products prices as compared to different companies so as to target a large number of customer. For example; there is a small difference in the prices of HUL & RBIL Floor cleaners.

Non-price competition :

Product differentiation- All the brands in the market for Floor cleaners are differentiated from each other as they have different features like quality, colour, fragrance, packing, shape, etc.

Selling cost- Cost incurred on selling is relatively same as all brands have to incurred selling cost on Advertisement. HUL, RBIL are the brands who incurred a large selling cost on Advertising on Television.

Substitute goods :

Harpic & Domex are substitute of MR Muscle as it is the premium products in the market.

Monopolistic market :

Floor cleaners comes in Monopolistic market competition as in the market all Brands are slightly different from each other in terms of quality, shape,

fragrance, packing, etc. There are large number of buyer & seller in the market.

Overall :

Mostly advertisements of shampoos are displayed in television to cover a large segment , they can use other different forms of advertisement like hordings , radio ,& newspaper .

Some brands have tried to create a monopoly component.

RECOMMENDATION:

Product development :

MR Muscle & Henkle should concentrate more on the size of bottle & varieties of floor cleaners to cover the shelf space to survive in competitive market .

Market development :

The price of MR Muscle is relatively higher than all the floor cleaners in market , to cover the entire segment of market the company can reduce price of floor cleaners.

Market penetration :

Harpic can increase sales of current products to current market segments without changing the product .

CONCLUSION:

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It is observed that concentration of sale is given on high & middle class people whereas low class is not included in the product price range.