

# Market structures analysis essay sample

[Economics](#)



**ASSIGN  
BUSTER**

Decision-making not only varies across the market but it also varies based on the market structure and the impact that may follow that decision. In market structure scenario, decisions are made based on the market structure and how the final goal is to increase profits. This may involve cutting costs, spending more on advertisement, technology etc. The simulation allow for me to use a pricing tool that helped me with my decisions, not to mention a panel of experts. Quasar Computers has launched the world's first all-optical notebook computer, branded the "Neutron" (University of Phoenix, 2009). Based on a series of scenarios, I will make decisions that will overall increase profits and sustain organizational uniqueness. Solution

I will create a solution using different strategies within the scenario in order to yield a high return. Considering that a monopoly has price control and is dominant in the industry, it has more power than the other market structures. I must also consider that even though a monopoly player has price control, they must also invest in marketing, public relations, etc. As the "Neutron" gains popularity, my strategy will progress to that of staying competitive within the market. This includes making the decision to invest more in advertising in order to keep the Quasar name in lime light. In order to sustain an economic profit in the long run, Quasar must stimulate costs and/or reduce costs (University of Phoenix, 2009).

### Pricing Strategies

There are many pricing strategies that I would recommend for this scenario. Based on the scenario, I have a patent on optical computers and enjoy a monopoly market for three years. With this given information, my pricing

strategy would be to offer the best price to consumers without being vicious. It is wise that I manage cost in regards to keeping marginal costs lower than marginal revenue. Being the price maker in the industry I want to offer the “Neutron” at a price that signifies the quality and quantity of what the notebook has to offer.

In the beginning, skimming would be a wise pricing strategy. Skimming is when there is little competition in the market, a relatively high start off price is then set to gain a higher return, as the market strengthens the price is then reduced (Business Steps, 2009). This would be the most beneficial in a monopoly structure. As the market expands into an oligopoly, economies of scales than leads to a decrease in pricing which creates a more competitive market. Destruction pricing may also be an option in order to gain control of the market, but not to destroy competition (Business Steps, 2009). Non-pricing Strategies

Non-pricing strategies include marketing, public relations and advertising. My job as the CEO of Quasar Computers was to maintain last year’s advertising budget of \$400 million or to change it which was heavily advised by my panel of experts. Considering that I have a lump sum to work with from profits earned from the initial start-up of “Neutron”, I can make my money work for me. It is important that I keep in mind the image, style, and customer’s perception of my product which is more valuable to me than the price in the long run. If I decide to spend more on advertising, I would also have to equate that price into the price of the notebook. Public image is very important and it is equally important that I do not make consumers pay the price for my non-pricing strategies. Organizational Uniqueness

<https://assignbuster.com/market-structures-analysis-essay-sample/>

Quasar must maintain its organizational uniqueness by sticking out from other competitors in the market. Keeping a competitive price is primary; however other factors have to be considered. This may include the packaging of the laptop or simply how the product is being marketed. I would focus on the size of the laptop making it more travel friendly. I would also offer rebates with the computer which would also gage the attention of consumers, everyone wants to save where they can. Another innovation would be marketing the laptop in college bookstores and partnering with local retail stores. Image is of utmost important so I would make every effort to keep a positive image, they may even include hiring a few sponsors.

#### Conclusion

All in all, this scenario taught me a lot about decision-making and how important it is to consider all possible strategies. While it is important to maximize profit, it is equally important to keep in mind the needs and wants of the consumer. Investing in advertising may seem like a waste of money, but it is the avenue of organizational uniqueness as well as product image. Higher prices leads to lower demand and this keeps the focus on maximizing profits and satisfying the customer.

#### References

Business Steps: Unit 1: Business in the Economy (Advanced) Retrieved May 18, 2009 from <http://www.businesssteps.co.uk/gnvq/Unit1/criteria/criteria.html> University of Phoenix (2008) University of Phoenix Material –Economics for Managerial Decision Making: Market Structures retrieved May 15, 2009, from the University of Phoenix ECO/561 – Economics web site.

<https://assignbuster.com/market-structures-analysis-essay-sample/>