

# [Free essay about current market conditions competitive analysis](https://assignbuster.com/free-essay-about-current-market-conditions-competitive-analysis/)

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## Introduction

In a competitive market, the market forces of demand and supply determine the market price of a product. Therefore, managers have to strategize through observing the market trends to caution adverse effect on introduction of new products. A strategic panel is mandated to make rational decisions and advise the company about the market environment.   
Apple Inc Company launched iPhone5s on September 2013 to the market as an improvement of its predecessors iphone5. We evaluated some of the market factors that affect the demand and supply in the technological industry and their effect on the market share of iPhone 5s.

## Factors affecting demand

Price of the product   
According to the law of demand, quantity demanded increases with decrease in price. iphone5s traded for $680 in the market higher than its predecessor’s price. The target market was not impressed by the price and claimed it was too high. For our similar product to succeed in the market, the company should consider an initial lower price but above the production cost to tap the market

## Consumers’ Level of income

Price of Substitutes   
Presence of an equally level product influences the demand of the other product . In our case, iPhone 5s will be our substitute good which will influence the market demand of our product. Introducing the product at higher price than rivals without considering other technological factors may deny us the target market share.

## Target Population tastes and preferences

The target population of iphhone5s is the high-end earners and the young population. This population have very delicate attitude towards tastes and preference. For instance, some consumers complained of the small size of the phone . This is an awakening factor to consider while manufacturing the new product to satisfy the customers

## Factors affecting supply

Availability and cost of raw materials   
With reference to our competitor, economic crisis has escalated the cost of raw materials leading to low availability and higher cost of production. To counter such problem, our panel would review other alternatives like partial outsourcing with intent to save cost of production and maintain a favorable normal profit to remain competitive.

## Legal constraints

The government has enacted stringent rules for the producers to produce quality products. This should prepare us to advance in our product features and the risk measures to caution consumers from hazard.

## Producers’ anticipation

In our analysis, we found that Apple was in its advanced stage of producing an advanced product of iphone5s. This should caution our product innovations to forge ahead technologically.

## Equilibrium prices

The above Forces of demand and supply other than price determine the equilibrium price in the market.   
Observing the change in consumers’ tastes may change the equilibrium price. In addition, introducing a higher quality product than iPhone with extra features will affect the equilibrium price of the market. Our proposal as a panel is to produce the product at minimum cost to maximize profits with reference to the prevailing market price.

## Market segment of our Product

Our product falls in the same category as iphone5s, iphone5 and other relate products like Samsung galaxy S3 and S4. Our market is a monopolistic market where the products differ in labeling, slight external and internal feature though they serve the same purpose. Our market should range globally just as our competitors Apple, Samsung and LG. We should consider price variation between develop and developing countries to tap the market. In countries like China, where raw materials are cheaper, opening an assembling plant will save cost rather than exporting fully assembled products.   
Unlike our competitors whose target customers are high-end earners, we should ensure that, our product is cost effective to incorporate even the middle-income earners and the young population to enjoy a larger market share. In conclusion, producing quality products with more features will get a large market share of our product.

## References

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