

# [Good example of company's product line research paper](https://assignbuster.com/good-example-of-companys-product-line-research-paper/)

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## General Motor’s Chevrolet Volt

Product description and usage   
General Motors Corporation is a United States-based company that designs, manufactures and sell cars, trucks and automobile parts in the global economy with operations in almost every country. It has been in operation for the past 100 years having manufactured close to 450 million vehicles. Chevrolet is one of GM’s main products that is extensively used for transportation in the US. Chevrolet is easily identifiable among competing brands due to its distinctive bowtie emblem. Chevrolet Volt is a hybrid vehicle that runs on both electric and gasoline power. Currently, it is rated as the most fuel efficient car. It is fitted with an electric battery that enables the car to cover a distance of around 60 miles when fully charged. Once the battery charge drops to a predetermined level, the internal combustion engine starts running. Aluminium blocks and heads complement the car. It is designed for on-road driving (Larminie & Lowry, 2012).

## Factors that determine the demand for the products

Price is the major factor affecting the demand of the product; the Chevrolet Volt operates in a highly competitive and any slight price increase will lead to reduction of number of vehicles demanded. Income of the target market and consumer confidence also affects demand. Due to the recent financial crisis, the income of consumers has gone down leading to low demand for the car. Moreover, the cost of running the car affects its demand. Due to its high fuel efficiency, the demand of the car has gone up since the consumers are becoming more cost conscious as the price of gasoline rises. Lastly, socio-economic importance of a car affects demand; for example, a car is crucial to move across the vast federal republic boosting demand for the Chevrolet Volt (Edsall, 2010).

## Factors that determine the supply of the products

The cost of production affects the supply of the Chevrolet Volt. The price of steel, aluminium as well as the labour cost has gone up. The government policy on environmental protection has boosted the supply of the car since it has the least effect on the environment among its rivals due to fuel efficiency. The car has been manufactured using the latest technology that reduces the time required to produce a single unit enhancing supply. GM boasts of a wide dealer network across the globe that has eased the supply of the Chevrolet Volt (Edsall, 2010).

## Available substitutes and complements for the product

The public transit system is an alternative to driving cars such as Chevrolet Volt as the price of maintaining cars rise. Since the 2008 financial crisis, the demand for public transit system such as trains, buses and tramways has increased significantly. Cycling and walking to work for relatively short distances has also become more common. At the same time, the demand for cars has gone down. The Chevrolet Volt runs on electric and gas power therefore electricity and gasoline are its complements. As more Chevrolet Volt cars are sold, the demand for electricity and gasoline will rise (Brooke, 2011).   
Is demand for the product elastic or inelastic in the short run? In the long run? Is the firm's production capital-intensive or labour-intensive? How important is technology in the producing the product? Why? In which of the four market structures does each firm operate? Describe the attributes of the firm's market that show why that is the relevant market structure. What do you think are the long term prospects for the product? Why?   
The demand for Chevrolet Volt is elastic in both in the short run and the long run due to the presence of many substitutes. Competitors such as Ford and Toyota produce cars almost similar to the Volt. General Motors Corporation production process is capital intensive with considerable capital assets employed in the production of its products. Cutting edge technology is employed to produce the Volt; latest technology reduces the cost of production which leads to competitive pricing. General Motors operate in an oligopolistic market structure. The market concentration for the top seven manufacturers is above 75%. The heavy initial capital requirements for successful entry into the industry limit the number of players in the automobile industry. The vehicles produced are highly differentiated. The long term prospects of Chevrolet Volt are positive due to the increased desire by consumers for environmentally friendly vehicles and those that are less costly to maintain (Brooke, 2011).

## Starbucks Corporation Coffee

Product description and usage   
Starbucks Corporation is a company based in Seattle that roasts and sells whole bean coffees and coffee drinks through an international chain of retail outlets. Initially, the company used to only sell packaged, premium, roasted coffees but the bulk of the company's returns currently come from its coffee bars’ where people can buy brews and pastries in addition to coffee by the pound. Starbucks is credited with altering the manner in which Americans viewed coffee, and its accomplishment has attracted the attention of investors globally. The company is respected worldwide for its expertly roasted and richly brewed whole beans coffee that has been sourced from carefully selected farms in various regions of the world. Coffee is a major beverage in the United States especially during the winter when the temperatures fall to the negative (Schultz & Yang, 1997).   
Factors that determine the demand for the products   
Consumers’ tastes and preferences impact on the demand of Starbucks coffee. Over the years, Starbucks coffee has satisfied the tastes of its consumers thus the coffee remains preferred to that roasted by its rivals. The rising consumer income in the US and other markets has boosted the demand for Starbucks coffee. America has emerged from the recession and the income for a significant number of Americans has stabilized implying more disposable income. Over the years, Starbucks has been associated with quality and consumers retain their loyalty to the corporation’s coffee brands. Moreover, advertising and marketing affect the demand for coffee. Starbucks employs aggressive selling techniques that have seen sales increase. The growth in urban areas and emerging markets have seen demand rise as more restaurants are being set up (Bussing-Burks, 2009).   
Factors that determine the supply of the products   
Wide dealer network increases the supply of Starbucks coffee; the company has a presence in over 62 countries supported by an efficient supply chain. Secondly, future expectations have enhanced supply. The coffee industry boasts of a large consumer base and the corporation will continue supplying the markets to meet the increasing demand. The price of the factors of production has increased significantly with the price of coffee beans rising almost 200%. Weather and disease affect the supply of green beans which in turn affect the supply of roasted coffee (Simmons, 2005).

## Available substitutes and complements for the product

Most of the consumers who drink Starbucks coffee like it because of taste. Even though the energy generated by the coffee can be substituted, the flavour or fullness of the drink cannot be replaced. Passionate coffee drinkers will never give up on Starbucks coffee for a substitute product such as an energy drink or hot tea. Nonetheless, its competitors produce high quality brands that will easily function as an alternative to its coffee. Sugar is a coffee’s complement. As more people drink coffee, the demand for sugar increases. The converse also applies (Simmons, 2005).   
Is demand for the product elastic or inelastic in the short run? In the long run? Is the firm's production capital-intensive or labour-intensive? How important is technology in the producing the product? Why? In which of the four market structures does each firm operate? Describe the attributes of the firm's market that show why that is the relevant market structure. What do you think are the long term prospects for the product? Why?   
Demand for Starbucks coffee is inelastic in the short run but elastic in the long run since the consumer can start consuming brands from other companies or consume a different beverage.   
Starbucks corporation production is labour intensive; many workers are required to prepare and serve coffee in its coffeehouses across the world. Nonetheless, the roasting of beans is capital intensive and technology is crucial for high quality products. Starbucks operates in a monopolistic competitive market structure. The company uses its logo, quality and various trademarks to differentiate its coffee from that of its rivals. They have been able to create a standard for their coffee and in which they require their customer base to be inflated prices for a cup of their different brews (Bussing-Burks, 2009).   
Starbucks coffee has an encouraging long term prospect because strong marketing, increasing disposable income and global expansion will create constant demand.

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