Competition in the hearing aid market

Managerial Economics

The number of Americans who have hearing difficulties is too many and is still expected to rise as time goes on. This is a challenge that most people undergoing the same ordeal are expected to face under all the circumstances that aid may be available if not totally to cure hearing loss. Hearing aid is a device that can lessen the burden of auditory impairment but it can only do so much. There are still implications that the use of such can be rather viewed as a supplement only and not a corrective tool. This view alone stands actually as a deficient selling point, as people who already have the difficulty will not always depend on these aids and most probably diverge themselves from buying the product. Hence, this situation definitely hurts the sale capacity of the hearing aid industry.

Lowering the Price

Naturally, as the demand may not be as considerably successful, the prices of hearing aids remain static as against its normally opined high pricing. The idea of lowering the price is a positive idea but not totally a remarkable one. To take for consideration, marketing plays a pivotal role. Product innovation is still under watch as the product continues to address misconceptions about its use and its price. It can be assumed that people who need such may have to be considered based on their actual individual needs. Lowering the price is not only and always the best solution at whatever product is being marketed. Apart from the actual study conducted, it must be analyzed there upon that actual users must be first educated of the many facets of its use and the impact that it may have if chosen as a summative solution to their auditory problems. It has already been mentioned that the implication of social stigma is above the issue of purchase and poor market reception. In as much as going through the usual and most careful market analysis, the firms should maintain a higher standard of psycho-social research to come up with a market campaign that is devoted to curing the disease of social stigma for those who use the product if not to give false hopes of entirely curing the malady of their situation.

There are market theories available to stand up as resolution before the poor market reception of hearing aids among its target users. However, there should be a critical analysis between price indices and the actual consideration of buyer’s behavior apart from all the equations and variables given as a cardinal rule. The sensitivity to the issues whether they are psychological, social, or economical – must be placed under a more profound handling of the situation. Firms must take a firm hand on the derivation of serious market analysis before any insinuations that price variability is a stand alone solution to the predicament they are experiencing at the time being.

Conclusion

A regular consumer still considers product innovations such as unique features and warranted efficiency and necessity. Therefore, elasticity in the demand is considerable in effect that demand answers upon these mentioned industry quantifiable. It can be summarized that since economic recession is still in the midst of all considerations, lowering prices is definitely attractive but in foremost opinion – product assurance of quality and effectiveness remains to be the most potent market solution in any given situation.

2. Evaluate different possible strategies that companies could implement to gain a sound position among their competitors in this hearing aids market. Use relevant theoretical concepts discussed in chapters

The industry of hearing aids is said to be inelastic for most identifiable factor that it does not have too many options and features. But in the advent of market competition, market shares continue to reward the much needed product options – meaning, there are indeed sensible market campaigns that need to be launched to rise above the competition. To understand this point of view, it is already introduced and implied earlier that price variability is a matter of fact the most convenient solution to be competitive in any given market. On the other hand, the real competition begins when a firm understands thoroughly the purchasing behavior of target consumers. It is to be understood that price indices are not only the deciding factors to be considered if firms desire to be at front of the market line. There are still aspects, which include market segmentation and full market analysis, which can only be attained through accurate SWOT analysis.

Market Strategies

Strategies can be indicated based on the given practices that identify with the rapport involving standard value and capacity which in turn have the maximum probability to improve its market reception and therefore increase its takings. It is also recommended that firm’s standard industry applications can evaluate the magnitude and outlay needed to capitalize on their income prospective, as specified by the price inelasticity of requirement in the market. While studying the basic product mix in the market of hearing aids, it is also most helpful to introduce new features and innovations in order to entice users and buyers to purchase with loyalty and assurance. This idea will definitely maximize the growth potential and leadership in the market. Gaining a sound and comfortable position is no easy task as it takes a lot of hard work and patience. In realizing this endeavor, it should be analyzed thereon the sensitivity of the target consumers of the implications and sustainability of the product upon consumption. Therefore, a creative and definitive market research is important to establish a rapport among consumers and the improvement of the product itself. As stated above, lowering the prices is just one of the solutions but it cannot withstand the whole competition given all the variables of market and the social behavior of the target consumers.

Recommendation

Like any market competition, SWOT analysis is much reassuring. To depend on more focused research is actually being guided by the tried and tested steps and factors that will handle all the given situations if the market remains stiff and uncontrollable. Perhaps, one example that can be listed is the principle of managerial economics, which employs a wide variety of economic concepts, tools, and techniques in the decision-making process. These concepts are incorporated to be congruent in the following: the theory of the firm, which describes how businesses make a variety of decisions; the theory of consumer behavior, which describes decision making by consumers; and the theory of market structure and pricing, which describes the structure and characteristics of different market forms under which business firms operate. It can be learned that profit maximization also naturally follows when competition gets in to the right mode of market potentiality.

3. What economic conditions are relevant in managerial decision-making and how they are related with the typical types of risk faced by a firm?

Briefs

Economic conditions

Basically, managerial economic is about decision-making. It is what managers decide on the matters that make the atmosphere critical for the success of firms. In this light, it is important to stress that economic conditions truly affect the disadvantage that most firms may encounter as they carry on with the principles of economics and business. Definitely in this bracket are issues regarding market structure, conditions of supply and demand, technology, government regulations, international dimensions, future conditions, and macroeconomic factors. On the other hand, profit maximization is adherent to the idea that it can be liable to different concerns about restrictions encountered by the firm such as supply insufficiency, machinery, contractual clauses and liabilities, and laws and government policies. In their attempt to maximize the present value of profits, business managers must consider not only the short-term and long-term implications of decisions made within the firm, but also the many facets of external limits that their firms may experience on their way to achieve its organizational goals. Scarcity issues concern essential inputs (including skilled labor), key raw materials, energy, specialized machinery and equipment, warehouse space, and other resources.

Managers naturally experience situations that may limit their ability to sustain balance in the plant capacity, which is worsened by the lack of enough resources that can make a difference in innovation, expansion and market intensification. Contractual obligations also restrict managerial decisions. Labor contracts, for example, may constrain managers’ flexibility in worker scheduling and work assignment. Finally, laws and regulations have to be observed. The legal restrictions can constrain decisions regarding both production and marketing activities. Examples of laws and regulations that limit managerial flexibility are: the minimum wage, health and safety standards, fuel efficiency requirements, antipollution regulations, and fair pricing and marketing practices.

When it was first argued that perfect competition is the idealized version of the market structure that provides a foundation for understanding how markets toil in a capitalist-based economy, it is also understood primarily that conditions are desired to be reached and accomplished. This is in order to consider that market structure is aggressive: product mix and versatility in the market, well-developed and realized consumers and trader’s condition, and a veritable flow of economic mode of production and its all aspects therein. For example, it is required that the product uniqueness must not at full deny their identical nature with other lines as consumers will become oblivious of brand concerns if everything else seems to be the same from one product to another – this is also true with the same price competitions. When a good number of trade participants prevail, this follows through a significant effect on the revenue as the idea that the population of buyers or sellers cannot make such a significant effect and therefore will not hurt the price control in any given condition. Finally, resources and materials have already become a staple in most competitive business as agricultural products do. This in conclusion, closes the arguments about having a perfect economic condition regardless of any situation.

6. Analyze the effects of the law of diminishing returns to a modern-day business. Why this law is considered a short-run phenomenon? Use appropriate examples

Briefs

The law of diminishing returns is definitely a short-term success, if not totally a phenomenon. It is a matter of theories between labor and capital and how things go at hand with the aspects of demand and supply. It is real and understandable that when a variable resource (labor) is added a fixed resource (capital) will dramatically augment manufacture quantity for a short time. Understandably, at a given time expected the rate of increase will fluctuate and is expected to turn more abysmal. This is to explain that diminishing returns impinge on both the manufacture of labor and cost of production. As an example, duplication of labor and overproduction only descend to more unfavorable result as mode of production goes in the direction of surplus value.

When Malthus postulated that land becomes a variable input when population becomes erratic and unstable, hence, the Law of Diminishing Returns explains further that when a fixed input like land and machineries, is joint in assembly with a changeable input, using a given technology, is expected to amplify the magnitude of the variable input, and therefore will eventually lower the efficiency of the variable contribution.

One good example that can be given is the problem of overproduction in the industry of cars and other automobiles. The capitalist ideals about putting more production output each time to arrest the higher market demands come to a lull when the economic condition deepens and starts to affect the consumer behavior. In this event, it could be noted upon that the conversion of inputs into outputs is only realized based on the technology available in use. As a result, inadequate amount of inputs will produce only narrow number of productivity.

Another example that can be stated herein is the labor-to-produce inputs as against the number of days and materials exhausted. Supposed that there are numbers of labor force working in a firm and produce a result given, additional input will just approximate a divisive response as against the total produce.

Diminishing returns is exact in thought that it plays an important component in the proficient distribution of capitals. This is by significant turn the real concern of firms and that it ultimately desires to bestow more resources to the use in which they are more prolific. Although, as production outlays more resources to an exacting use, it can be observed that diminishing returns presents itself in which it becomes less productive. This is actually a disappointing outcome but in reality it reveals important aspects of arresting difficulties of resourceful provision of capitals.

In the time of economic slowdown, it is important to establish the practical facts that diminishing returns are not what the macroeconomic future of any country needs as of the moment. This in fact argues strongly that excesses in times of recession and unscrupulous economic postulations are definitely unhealthy. However, given enough market analysis and putting more confidence to product and technological innovation, all doubts about this particular economic principle will in turn come out advantageous for the full recovery of the economic force. As strongly as it is exact with its intention, allocation of resources must be critically scrutinized in regular runs so as not to receive more losses than the expected outcomes. It is very much possible that the firms as a guiding thought and principle must not bank too much on economic principles that have no material and realistic basis.