

# Think at the margin essays examples

[Business](#), [Marketing](#)



Buy one get one free (BOGO) marketing strategy is used for many products and it is observed that this strategy is making people purchase more from these products. Thus we can claim that this strategy works. In this essay I will argue how “ buy one, get one free” strategy works based upon the principles of economics. BOGO strategy brings us a decrease in the costs and it may relax a customer’s budget constraint. Thus he can use his budget somewhere else. The following paragraph will give the headlines why a customer might prefer buying BOGO products and I will explain them one by one in the following paragraphs.

A person observing the BOGO product might prefer buying for the following reasons by assuming that the product is a normal good: 1) He might need use the product more at the current time, 2) He might use it as a substitute for a more expensive product, 3) He might use it in the future with assumption of free storage (also assuming it is a durable good), 4) He might use it to trade with other more expensive products in the market, or 5) He might use it to give a present to a friend or a family person to get more social power.

The assumption that the product is a normal good is important. If this assumption does not hold then the customer might not prefer buying from this product even though the price is down.

Assuming that the product is a normal good, and then the customer will enjoy using it at the current time until the marginal benefit of the product becomes zero. A rational person also can buy the second one cheaper or for free and then he can use it as a substitute to another good. For example, he can get a BOGO food product then instead of eating other foods, he can eat

more from this food. Another way that he can utilize the BOGO product is to store it and use it the future. As we know people makes intertemporal utility maximization also, therefore when a product is cheaper, he can buy it and he can store it for a future consumption. If possible, a person can collect cheap products (the second ones in the BOGO products) and can trade them with the other goods. Considering that products are durable, and then he can store them and sell or trade in the future when the prices of the BOGO products are up. Even buying such products and giving them away as presents to people can make a social benefit for the person.

Consequently, I claim that any price advantage BOGO products might create will influence individuals' decision making processes. People consider the possible marginal points in a decision making process and then they find their optimal points. The BOGO strategies in the market change the price settings in the market and individuals by taking their utility functions into consideration create their preferences against the goods and services and the BOGO strategies in the market might influence their decisions to purchase products and services.