

# Strategies of hearing aids market

[Literature](#), [Russian Literature](#)



1. Would firms increase their revenue if they were to lower hearing aid prices? Evaluate the situation by doing a critical analysis? Out of the 30 million people who experience hearing loss, only 7 million opt to use hearing aids mainly due to its high price in the market. Even though hearing aids don't repair the hearing deficit, many people regard it as useful to reduce the hearing loss. So, the major factor behind decreased demand for hearing aids is the price. The hearing aid firms require to reduce the prices in order to increase the market demand for hearing aids and thus to increase the sales.

Price and quantity demanded are always inversely related. Changes in the price result in changes in the quantity demanded. An increase in the price of a commodity results in the decrease of the quantity demanded for the same commodity and vice versa (Keat and Young, 2009, p. 47). Therefore, if the firms reduce the prices of hearing aids, there can be increased demand for it and as a result firms can achieve higher sales and higher profits. Demand and revenue are closely related. When demand is elastic, the total revenue will be increased due to a decrease in the price of the product. When the percentage of quantity demanded is more than the changes in price, the total revenue will be increasing.

While analyzing the price factor and demand for the hearing aids, it can be understood that reducing the prices can be a reasonable measure to expand the demand and market for hearing aids. But same time, price is often regarded to be an attribute that consumers value a product and its quality. The case of hearing aid markets show that high price has become the main factor behind less demand for it and therefore firms can increase potential

demand for the product if they can offer hearing aids for reduced prices.

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.

The hearing aid companies can have pricing strategies. Companies can increase the total revenue by decreasing the prices of hearing aids if the demand is Elastic or by increasing the prices if the demand is inelastic. The hearing aids demand is inelastic because there are very few substitutes and it is considered to be an essential device for hearing for those who suffer from hearing loss (Amlani, 2007). So, the hearing aids firms can possibly increase the prices in order to increase the revenue, but it may have to reduce the prices and increase the quality of the products in order to gain a better position among the competitors especially if there is perfect competition in the market.

Based on market and situational analysis like Porter's five force analysis, a marketing manager will be able to analyze various factors like buyer and supplier powers, competition rivalry, potential entry and other threats, and based these the managers will be able to implement either cost-leadership approach or differentiation approach (Keat and Young, 2009, p. 376). The firms that produce and sell hearing aids can either implement differentiation strategy or cost-leadership strategy in order to gain a sound position among the competitors.

If there remains perfect competition in hearing aid market, cost-leadership can be used as an effective approach because all firms in the perfect competition will be price takers and therefore firms are to keep its cost

structure low. If it is monopoly or monopolistic competition, then differentiation can be the effective method because it results in a downward-sloping of the demand.

#### References

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