

One product of a famous company

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



MICRO AND MACROECONOMIC ANALYSIS OF MERCEDES BENZ and Micro and Macroeconomic Analysis of Mercedes Benz The Mercedes Company designs, manufactures and markets the Mercedes motor vehicles. This aspect makes the company an important economic sector in terms of revenue. Like any other organization, the Mercedes Benz Company has its own creative marketing strategy, which helps in enticing its reluctant customers.

Microeconomic analysis

a) Demand factors

Common demand factors affecting sales and profitability in the Mercedes Benz Company include advertising and marketing, financing options, price of the product (Mercedes Benz), income of the buyers, and increase in affordability. Other factors include the availability of easy financing, demographic drivers, exports, and new offerings.

Supply factors

Common supply factors affecting sales and profitability in the Mercedes Benz Company include efficient operations, presence across segments, accessibility to latest technologies, finance availability, wide dealer networks and price of the Mercedes Benz. Other supply factors include production factors, government taxes and policies.

b) Mercedes Benz market structure

The Mercedes Benz operates in a perfect market competition where the theoretical market structure does not feature any barriers.

c) Explain what the company can do to continue to operate in this profitable market structure or move towards a more profitable or sustainable market structure.

In order to move towards a sustainable and a profitable market structure, the Mercedes Benz Company must ensure that it increases its product affordability. The company must also ensure it implements a better advertising and marketing, financing options, and price of the product.

d) Comment on the different elasticity concepts that can influence the pricing strategy or the competitiveness of the chosen product/company
Different elasticity concepts tend to influence Mercedes Benz pricing strategy. The concepts include availability of substitute products, responsiveness of quality in terms of the motor vehicle, time and importance of the motor vehicle in the consumers' budget (Rhoads, 2014, 78).

e) Comment on whether the company is using its resources efficiently or inefficiently

With its performance in the global markets, it is evident that the Mercedes Benz Company is utilizing its resources efficiently. The Mercedes Benz Company is currently performing well in the motor vehicle (Lamb, Hair, & Mcdaniel, 2010, 57). This aspect is reflected in the company's revenues and performance index, which indicates that the company is among best performing companies in the motor vehicle industry. Performance and revenues demonstrate efficient use of resources in the organization.

Macroeconomic Analysis

The macroeconomic environment plays a significant role in comprehending how the external forces affect a company (Altug & Chadha, 2003). Mercedes Benz being a high-end car is definitely affected by changes in economic growth as it determines the money in people hands. People will not have the money to buy the car in times of economic downtimes. Consequently when

the economy is under turmoil, the success of the company is undermined because the car's models are expensive hence people will not have the money to buy it.

Unemployment will also have a negative effect on the success of the company, and this is because people will not be in a position to purchase the car as they will have other uses for money. Additionally inflation will definitely have a negative impact on the company because the price of the car will be high and people have other pressing needs that they would rather attend to in times that the value of their money is diminished (Guscina, 2008).

Fluctuations in the balance of payments will affect the success of Mercedes-Benz in that when it is favorable, there will be more money in the country hence people will have enough to buy the luxury car as compared to when it is unfavorable. Fluctuations in exchange rates also affect the triumph of the company, and this can be explained in terms of the current exchange rate. If the rate is favorable where one is able to get a good rate to import the car, definitely the sales of the company will increase and vice versa.

The business life cycle will have a great impact on the GDP of a country, and this will translate to the performance of Mercedes-Benz as it influences the money in supply in a given country (Thomas & Lipschultz, 2008).

Consequently, if the GDP is high, it means that the living standards of people are also high, and this will translate to people buying the luxury car hence the company's success. On the other hand, if the GDP is low, people will be living in poor conditions and will not be in a position to acquire the luxury car.

References

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