Markets price and non price economics essay

Economics

An agreement made where purchasers and Sellers come in close contact with each other straight or indirectly to sell or purchase goods and services.

Monetary value and Non-Price Competition

non monetary value competion may be describe as the selling scheme under which the peculiar house tires to diffrentitate its merchandise from the competitiors merchandise this distinguish is done by the designor workmenship. It can be besides distinguish merchandise by offereing through quality service, client attending, distribustion scheme and other promotional activity.

Where as the monetary value competion is refered to when the houses attempts to separate its productfromthe rivalby maintaining the monetary value of the merchandise lower than the competitiors one. Now a yearss more houses are engaged with the non monetary value competion though it is really expensive in nature the ground behind that it is more profitable than selling the goods at lower monetary value and avoid the hazards of monetary value war. By and large in oligopoly markets and monopolistic markets are utilizing the non monetary value scheme because in this competions the houses becomes extermely competent with each other. Central of the non monetary value competion is merchandise diffrentiation. Hence the characteristics of merchandise diffrentiation are:

- Technical criterions
- Quality criterions
- Design characteristics
- Service characteristics

Merchandise diffrentiation as the footing of set uping a down ward falling demand curve. This were introduced by the SRAFFA. but the chamberlin suggested that the demand is non merely determined by the pricind scheme of the house but besides by the manner of the merchandise and the services associated with them. he introduces two policy variables ; which are merchandise itself and selling activities. Individual house is incorporated with this dimensions therefore, the demand curve will switch if:

- The manner, servicesor the merchandising scheme of the house alterations
- Rivals change their monetary value, end product and servicesor merchandising policies
- Tastes incomes, pricesor selling policies of merchandise from the other industry alteration

Non monetary value competition:

Non monetary value competition is applicable to all types of markets except than the monopoly and perfect competition:

Perfect competition: exclusion because the in this state of affairs he all merchandise are homogeneous in nature

Monopoly: exclusion because the individual marketer is the accountant of Te market so no 1 at that place for the non monetary value competitio

Non monetary value determiners of demand: non monetary value deteminants can be described as the any attempt made by the house to prolong in the market to gain the net income and to increse their demand in the market. Following are the some non monetary value determiners of the demand,

Tastes and prefrences

Income

Monetary values of sustitutes

Number of purchasers

Future outlooks of purchasers

Financing footings.

As the determiners of demand are of import in the monopolistic market we besides should give equal importance to the determiners of the supply in the non monetary value competition

Factor inputs alterations

Production technique

Change in no of Sellerss in the market

Expectation of future alterations in monetary value

Advantages of the non monetary value competition ;

Consumers gets low monetary values

Manufacturers and providers are going more displine in natureto cust down the monetary values.

New betterments in engineering

Enormous betterment in the quqlity or service

Imformation for the consumers leting people to do more informed pick

Price snap of the demand: Responsiveness on the snap of the measure demanded of a good or service to a alteration in its monetary value. it gives the per centum alteration in the measure demanded in responses to the 1 % alteration in the monetary value.

Price competion is applicable in all types of markets except so perfect competion and monopoly competion.

Perfect competion: exclusion because in perfect competion the houses are monetary value takers the monetary value is non decided by the house it is accepted.

Monopoly competition: exclusion because in this state of affairs there is a individual marketer in the market who is the decider of the monetary value hence it is non applicable.

Price snap of demand with reapect to the markets

Perfect competition: in the the perfect competion the elasticiy of edmand is prefectly elastic in nature because all the merchandises availble in this market are homogeneous in the nature. As the homogeneous merchandises are perfect replacement for each other the market becomes extremely recative in nature. monopolistic market: snap of demand is comparatively elastic In nature as the stopping point substitues are availble in the market this substitues are availble with the small diffrention.

Oligopoly market: oligopoly market is some how combination of the perfect competition and monopolistic market so the snap of the demand the comparatively high in nature as the all merchandises are homogeneous in nature and they are utility for each other.

Duopoly market: in he duopoly market there are merely two Sellerss in the markets with regard to many purchasers. The snap is comparatively elastic because in this state of affairs there are really close substitues are availble for the merchandise.

Monopoly market: in this market the snap is comparatively inelastic nature as there is merely one goad the reactivity of the demand for a good to alter in the monetary value of anthoer good. it is measured as the per centum alteration in demand for the first good that occurs in reactivity to % alteration in monetary value or 2nd good.

Cross monetary value snap of the perfect competion with regard to replacements

The reactivity of the demand for a good to alter in the monetary value of anthoer good. it is measured as the per centum alteration in demand for the first good that occurs in reactivity to % alteration in monetary value or 2nd good.

Ucer in the market so the manufacturer is holding the full market poer in the custodies. there is no sustitute availble in the market.

Cross monetary value snap of demand with the availble substitues:

Cross monetary value snap: the reactivity of the demand for a good to alter in the monetary value of anthoer good. it is measured as the per centum alteration in demand for the first good that occurs in reactivity to % alteration in monetary value or 2nd good.

Perfect competiton: the high monetary value cross snap can be seen in this market as the manufacturer Is monetary value taker and non the monetary value shaper. More over that the merchandises are homogeneous in nature which are replacement for each other.

Monopolistic competition: there are figure of manufacturers are at that place in the market. du to the high competition the manufacturers are willing to do more market portion so the cross monetary value snap is comparatively high in nature.

Oligopoly competition: in this market the cross monetary value snap do issues because in this market. As the replacements are availble in the market with the homogenity or merchandise diffrention.

Duopoly competition: there are merely two manufacturers are availble in the markets there are really close replacement for each other and because of this cross monetary value snap is low.

Monopoly competition: there is merely one manufacturer in the market and no replacement is availble so there is no inquiry of cross monetary value snap.