

# [Price and non price competition markets](https://assignbuster.com/price-and-non-price-competition-markets/)

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An agreement made by where purchasers and Sellers coming close contact with each other for the intent of purchasing and merchandising of goods and services straight or indirectly is described as market.

1. Perfective
2. Competition
3. Monopolistic
4. Competition
5. Monopoly
6. Competition

Market:

* Oligopoly
* Competition
* Duopoly
* Competition

Monopoly Market:

* Single house
* No replacement
* Monetary value shaper
* Downward inclining supply curve
* Entry barriers
* No competition

Perfect Market:

* Monetary value
* Homogeneous merchandises
* Large figure of purchasers and Sellerss
* Free entry and free issue
* Perfect cognition
* Perfect mobility of factors of production
* Absence of conveyance cost

DUOPLOY Market:

* 2 Sellers
* Restricted entry
* Sellers have some market power
* Close replacement might be differentiated
* Demand curve downward sloping
* Equilibrium point is MR = MC

Oligopoly Market:

* Few Sellers
* Homogeneous and differentiated merchandises
* Restricted entry
* Imperfect information
* Mutuality and changeless battle
* Very high monetary value snap
* High merchandising cost
* Lack of uncertainness

Monopolistic Market:

* Large figure of purchasers an Sellers
* Merchandise distinction
* Free entry
* High merchandising cost
* Two dimensions of competition
* Monetary value
* Non monetary value

## Difference Between Price and Non Price Competition

Footing

Monetary value

Marketing scheme in which one house tries to separate its merchandise or service from viing merchandises on the footing of properties like design and craft ''

Selling scheme where a company tries to separate its merchandise or service from viing merchandises on the footing of low monetary value.

The focal point is on quality, deign, bringing methods, locations, particular services

The focal point is on lone monetary value of the merchandise.

It is normally more profitable than selling for a lower monetary value, and avoids the hazard of a monetary value war.

The company may take to stand in normal net income or normal net income.

Selling cost is high as the company pass a batch on promotional activities

Selling cost is low as company focuses on monetary value factor more than promotional activities.

Most common among oligopolies and monopolistic competition, because houses can be highly competitory.

Due to inordinate completion, a state of affairs of monetary value wars occurs in oligopolistic and monopolistic markets

Examples

Shampoo Market

Mobile service suppliers

Applicable to all markets except perfect & A ; monopoly market.

Single purchaser in monopoly so no competition.

Applicable in all types of markets except monopoly market

All are monetary value takers & A ; monopoly is monetary value shaper.

## Non Price Competition

Product distinction is the procedure of separating a merchandise from other merchandises in the market by adding alone characteristics like manner, quality, offers etc which makes it more attractive and superior to the mark market.

The success of the merchandise distinction is more based on non monetary value factors non monetary value factors and successful distinction gives origin to monopolistic competition and sometimes to hone competition besides.

There are three types of merchandise distinction:

1. Simple: based on a assortment of features
2. Horizontal: based on a individual feature but consumers are non clear on quality
3. Vertical: based on a individual feature and consumers are clear on its quality

## Elements of monetary value distinction

Convenience- as the altering scenario client wants the merchandise every bit shortly as possible. So the house should seek to present the merchandise available on clip.

Customization- harmonizing to the demands of the clients the merchandise must alter in footings of sizes, colour, design, engineering etc

Cost recovery- this is the cost that is deserving bear downing. It doesn't average really high or really low but should be sensible harmonizing to the merchandise.

## Non monetary value determiners of demand

Income of the consumer

There is direct relation between the income of the consumer and demand for it. By and large, higher the income, higher the measure demanded and lower the income lower the measure demanded.

Monetary value of the related good

In instance of replacement goods, demand for a trade good falls with the autumn in the monetary value of other trade goods

In instance of complementary goods, monetary value demand of a trade good rises with the autumn in the monetary value of other trade goods.

Taste and penchant

If the client has developed a gustatory sensation for a trade good, the demand will increase

If he has no gustatory sensation and penchant for the merchandise, the demand will diminish.

Seasonal factors

The demand keeps on altering harmonizing to the conditions conditions. Summers will increase the demand of soft drinks whereas winter will increase the demand og woollens.

Number of purchasers

The demand of any merchandise depends on the figure of purchasers of the merchandise. More the purchasers demand will be high, less the figure of purchaser demand will be less. ,

Future outlooks

If the monetary value of any trade good is expected to lift in future, clients starts purchasing prior to that and if the crowbars are expected to come down in future the client postpone his purchasing to acquire the benefit.

## Non Price Determinants of Supply

Input signal monetary values

As the input monetary values increases, the supply will be affected and will fall down.

Technology

Measure of the stuff required depends upon the engineering. Cost salvaging engineering consequences in autumn in input monetary values and therefore addition in the supply.

Number of Sellers

With the addition in the figure of Sellers, the supply besides increases with the curve switching to its right side.

Expectations

If the monetary values are expected to lift in future, the marketer will do unreal deficit and therefore the supply decreases.

## Advantages of Non Price Competition

The consumers get low monetary values as the accent is non on monetary value it's fundamentally on the other factors of the merchandise other than monetary value.

To convey fluctuations houses keep on conveying new engineerings which result in more smoothing of the maps and add fluctuation in the merchandise.

The accent is non on monetary value and hence the chief focal point is on bettering the quality and the services of the merchandise.

Large figure of discrepancies leads to many picks and options for the clients in the market.

There is no monetary value war in the market hence it keeps and creates a proper subject in the market which leads to smooth state of affairs.

Consumers get more and more fringe benefits in footings of offers and price reductions which attract people and therefore take to competition in the market.

A typical characteristic of non-price tools is that they may modify the grade of replaceability among goods.

This step the reactivity of measure demanded of a merchandise to alterations in its ain monetary value.

It allows comparing of measure demanded with pecuniary alterations

It measures the alteration

Market:

* PRICE ELASTICITY
* Perfect market
* Monopoly market
* Monopolistic market
* Oligopoly market
* Duopoly market

In this market the demand is elastic as the merchandises are indistinguishable in nature and are perfect replacement of each other.

This market is extremely inelastic as there is 1 marketer who can do alterations in the monetary value and measure demanded consequently.

Demand is comparatively elastic, with little alteration in monetary value leads to big alteration in measure demanded as all the merchandises are close replacement of each other.

Demand is comparatively elastic as the merchandises are close replacement of each other.

Demand is comparatively elastic as there are merely 2 Sellers in the market and the merchandises are close replacement.

For example

If the monetary value of steel and Fe additions what happens to its measure demanded.

The reactivity of demand for one good to a alteration in the monetary value of another ; the proportionate alteration in demand for one good divided by the proportionate alteration in the monetary value of the other.

Market:

* Perfect market
* Monopolistic market
* Duopoly market
* Oligopoly market
* Monopoly market

As the merchandises are homogeneous there is a high monetary value cross snap demand.

Cross piece snap is comparatively high due to competition and the figure of manufacturers in this market is high

Fewer manufacturers in the market so the cross monetary value snap is low.

Merchandises are close replacement, so alteration in monetary value will increase the demand of another merchandise. It has high cross snap.

Merely 1 marketer in the market and therefore no replacement is available so transverse monetary value snap is non applicable

## Advantages of Price Competition

Pricing policy has a direct impact on the clients as pricing of any merchandise is the firstobservationof clients.

Putting monetary values is relatively a simple undertaking as it does non necessitate fiscal and accounting records to find monetary values

No market research is required which involves a high cost. So it saves cost on promotional activities as compared to non monetary value competition.

Pricing straight indicates the quality and criterion of the merchandise and therefore the value of the merchandise can be estimated.

Price competition divides the sections decently as it clearly points the premium and economic system category.

Pricing scheme helps a batch to new participants come ining in the market to derive market portion.

## Decision

Monetary value and non monetary value, both have different impact on the markets. As observed in the above assignment it is seen that monopolistic market is the market state of affairs which is most influenced by both the schemes i. e. monetary value and non monetary value.