Price-elastic products persuasive essay

Business

Product and service prices are constantly fluctuating depending on their consumer demand and available supply. Over supplies can decrease consumer interest and product demands. On the other hand, limited stocks increases a product's worth, resulting in more demands. According to Anderson, McLellan, Overton, and Wolfram (1997), consumers' purchasing sensitivity and reaction to changing prices and demands is called price elasticity. It basically measures how consumers adapt to changing prices.

Price elasticity is determined by consumers' capacity and willingness to spend for goods, time elapses since the price changed, people's perception of the level of importance the product or service has, and the availability of substitute goods (Chen, 2009). Inelastic products are those that people will continue to buy, thereby having a constant level of demand regardless of price and availability. These include necessities such asfood, gas, coffee, and medical and legal services. Luxury goods and seasonal products are price elastic since people's need and demand for these products fluctuate affecting how much they are priced.

In the graph below, the purchase of price-elastic products are wholly dependent on demand-price fluctuation, while the purchase price-inelastic products remain unchanged regardless of price of the product. Considering all these factors, it is fair to deduce that the best time to own a business specializing in price-elastic products is when one is selling a highly covetable and expensive product that has both an intense demand despite an equally high supply. This kind of economic situation is rare, but it does happen. One example would be Apple's best selling iPhone.

People actually lined up to buy this very expensive luxury cell phone which sold an impressive 200, 000 units on its first day of sale in the United States alone (Guglielmo, 2007). Selling products such as the iPhone is highly profitable since people perceive it to be an important luxury that people are willing to spend for. There may be competitors that similarly sell mobiles phones, but the specific demand for one's product ensures that it will rake in great revenues. The mile-long waiting lists for these products ensure that one need not to worry about next week's income.

Ultimately, selling price-elastic products requires intense planning and research since, inelastic-products are not bought as regularly as bread or coffee. Price-inelastic products must be made out to highly viable and perceived as valuable investments. As such, so long as one can come up and have in their inventory covetable luxury products such as the iPhone then selling price-elastic products will endure and profit. References Anderson, P. L. , McLellan R. D. , Overton, J. P. , & Wolfram, G. L. (1997).

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