



Business/Marketing Virtual Learning

11-12 grade College Business

May 19, 2020



Lesson: [May 19, 2020]

Objective/Learning Target:

Market Competition

Distinguish between price and nonprice competition.

Let's Get Started

Watch this Video:

[Price vs Non-price Competition](#)



Price and Nonprice Competition

- 1) **Price Competition** - Rivalry among businesses on the basis of price and value. Most consumers have limited dollars to spend and are looking for the best value, therefore some marketers decide to emphasize price when they compete. EXAMPLES: Weekly advertisements from local supermarkets, restaurants lunch specials, airfare specials when an airline enters a new market.
- 2) **Nonprice Competition** - Businesses decide to emphasize factors of their marketing mix other than price. Those factors might include product quality, brand name, location, or special customer service. Nonprice competition occurs for several reasons:
 - a) **Businesses that lack control over their price in relation to competitors.**
EXAMPLE: Insurance companies prices are determined by state government regulations so the focus on non-price issues such as easy-to-complete applications, personalized services of individual agents, mobile apps, fast claims processing.
 - b) **Small businesses that have higher costs and lower volume need to price higher.** A small business may want to identify a specific market segment that is looking for factors other than price when buying. They could emphasize individualized attention, delivery, set-up, after-sale service, installation. EXAMPLE: HiBoy vs McDonalds
 - c) **The market segment being served values something other than price.** The consumers must recognize a unique quality in the product that leads to a product preference regardless of the price. These qualities might be service, quality, credit, location, guarantees, or a unique image. EXAMPLE: Jeep Wranglers

ACTIVITY #32

- 1) When is nonprice competition effective?
- 2) What type of competition do newspaper ads featuring weekly specials at supermarkets represent?
- 3) How does competition based on price relate to the economic concept of scarcity?
- 4) Describe an example of a local company involved in price competition.
- 5) Describe an example of a local company involved in nonprice competition.