

Guillermo Store Concepts Paper

Name

FIN 571

Guillermo Store Concepts Paper

A study by Poptzer, A., Poptzer, S., (2010) examined marketing and economics disciplines shared interest in consumer behavior within micro and macro levels. Through exploring microeconomics the studies of economic variables concerning individual nature explain resource allocation, decision making, and policies for pricing. The relationship of consumer and supplier depending on the market fluctuations and synonymous with different concepts, theories, research, and approaches identify disciplines that can be relevant, create solutions, and conditions exchanged in marketing and economics. Furthermore, economics studies various alternatives of human wants, desires decision making mechanisms (Poptzer, A., Poptzer, S., 2010).

Guillermo Navallez encounters not having a competitive economic advantage with new competitors from overseas that uses high-tech approach. Guillermo Navallez has lost competitive economic advantage because the cost of labor increases locally. Foreign competition of Mexico descends on Sonora leaving increasing costs when before exploiting the local labor, market conditions and relationship to differentiate was successful practices (Guillermo's Furniture Store Scenario). Guillermo Navallez can invest in new technology and make furniture automatically with little labor costs, become a broker for a Norway firm, coordinating the distribution channels for the firm or continue to use the new patented technique of coating furniture (Guillermo's Furniture Store Scenario).

Economic Efficiency and Competitors

To increase the benefits to the customer, better known as concept of value reflects Guillermo Navallez ability to make and sell furniture to customers that match the specifications of the customers at low prices. The largest furniture firms in Mexico provide greater value for

money to the customers than what Guillermo Navallez does. Guillermo Navallez is seeking to increase customer value by coating his furniture with his patented process. The problem for Guillermo Navallez is that the competitor from abroad and Mexico's largest furniture makers provide greater value to the customers.

The concept of economic efficiency has varying degrees: strong, semi-strong, and weak (Emery, Finnerty, J. D., & Stowe, 2007). These differing levels suggest that the responsiveness of prices to relevant information may vary. The market is performing as anticipated and has not been affected by current news reports, which is good news for investors as it allows some level of predictability. The role of economic efficiency is where all pertinent information is available to all participants at the same time, and where prices respond immediately to available information (Emery, Finnerty, J. D., & Stowe, 2007). Ultimately the role of economic efficiency is to raise money through the issuance and sale of debt and/or equity.

In case of Guillermo Navallez, clearly the automatic method of the foreign competitor efficiently allocates the resources that are used and leads to greater value. Similarly, the largest competitor in Mexico is possibly making use of economies of scale and is achieving greater value than what Guillermo Navallez can. Furthermore, economic efficiency is the measure of the sum of consumer surplus and producer surplus. The competitors of Guillermo Navallez, namely the foreign company and the largest furniture maker in Mexico are having a larger consumer and producer surplus.

Finances

The assets, liabilities, and equity information makes the balance sheet of Guillermo's Furniture for the past two years. During the time of 31 December 2011 and 31 December 2008 the main assets of Guillermo's Furniture are listed by liquidity (Guillermo Furniture Store Data).