

**“Inelastic Commodity”**  
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While on vacation recently at Lake Geneva, WI, our host’s wife exclaimed, “Look at the Great 4<sup>th</sup> of July napkins I got at the store!” He replied simply, “an inelastic commodity”, to which she responded “whatever”.

It tweaked my interest and a serious discussion ensued.

“Inelastic Commodity” ?

Last time (“FDO” July ’03) my topic was “It’s Demand – Not Supply”. Well - it’s really market share or customer share demand, that we’re talking about. I’m not so sure how much real influence we really have on creating a demand for a product category that is in the mature stage of the life cycle – as much as we have on creating demand for the actual product itself. Some are “Inelastic Commodities”.

Back to Lake Geneva – my host described napkins as an “Inelastic Commodity”, *the demand for which does not vary with the price*. As such, the overall *demand* for napkins (as a commodity product category) does not increase because of the price or attractive holiday colors, packaging, etc. – nothing. The demand is still the same regardless but, market share? – yes, sure. That’s where we all come in.

Another example found, when one needs a prescribed medical treatment (i.e. an appendix or hernia operation), they don’t shop it for the best price - or the opposite – if the operation is offered cheaper it would not create a greater demand.

In safety, an example of inelastic commodities might be – visitor spectacles, the overall demand for visitor spectacles does not vary due to price.

Are safety products “inelastic commodities”? – I don’t think so! Well, maybe – a few – nothing, of course, that we represent.

If they are – then we have no control over demand in that inelastic commodity – we do have demand drivers over the elastic products, however. We can influence demand for product category through awareness, education, training, advertising, field sales work, etc.

So.....it gets back to “It’s demand – not supply” or market (and/or customer) share – still.

What are the “inelastic commodities” in our industry? Do you have any? What are you doing about it?

Think about it.

George J. Hayward