

Economics



**ASSIGN
BUSTER**

The business world is an ever changing environment in which the success of new products depends on the ability of a company to market its product well. Will Bury has a good product in his hands that can be exploited. So far the company has generated \$40, 000 in sales. Of the 3000 sold so far 67% are books in which Will is paying a royalty copyright payment of \$5 per sale. The pricing strategy of the company should change in order to generate more sales. The best thing could do is wait a bit longer before making price changes. The reason for this recommendation is that in ecommerce there is business rule that stipulates that the higher the traffic, the higher the sales. Will has to invest to raise the amount of visitors entering his website. Will has to log of the amount of traffic the website receives on a daily basis and compare it to the sales generated each day. Three months is adequate trial period. Will has to spend money hiring an online expert to increase the online traffic the online store receives.

After the trial period Will has several options. He can raise the price of his items by \$5 each and test for a month if the demand for the products changes. It is possible that it might stay the same and that way the company can raise his overall profits. Another strategy which is my primary recommendations is to lower the prices of both types of products. According to the law of demand and supply when a manufacturer lowers the price of the product the demand increases. I would start with low price increase of \$2 on the non-copyright material and \$1 on the copyrighted material. The cheaper product can have a higher price reduction because there are no variable costs associated with them. In the case of copyright material there is a \$5 royalty fee to consider. After a period of three months I would evaluate the results to then move forward with a more aggressive

discounting strategy of final sales prices of \$5 and \$12. The most likely scenario is that if Will increases his online marketing budget and reduces the price of the product the revenues of the company should reached the \$100,000 revenue per year benchmark in a short period of time. The sky is the limit for this innovate product created by Mr. Bury.