

Opportunity cost: the
cost of taking time to
read



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Opportunity Cost: The Cost of Taking Time to Read The cost of Random House books, after an adjustment for inflation, has never been a bigger bargain. Yet, though their cost is as low as they have been in the past century, sales continue to slide. In a traditional business model, we would expect lower prices to increase sales. However, there is another variable that needs to be taken into account. The consumer is not only concerned about the cost at the bookstore, they are also aware of the time that they must give up to read the book. The value that the consumer places on that time is known as the opportunity cost. Reading is in competition for people's leisure time against a myriad of other activities. Family, sports, and entertainment all vie for those precious moments that the consumer has available, and these factors have added an escalating opportunity cost to the price of our books.

Opportunity cost implies making tradeoffs, and is considered to be the value of the alternatives that they have sacrificed by the decisions that they make (Wessels, 4). When considering the time it takes to read a book, the consumer must evaluate the value of their time. If time was unlimited, there would be no value placed on it, and there would be no opportunity cost. However, in this very busy world that we live in leisure time is scarce. In fact, it is this scarcity that has driven up the opportunity cost in recent decades. As activities compete for this scarce commodity, the value of it rises dramatically.

How does a consumer place a value on their leisure time In the business world, opportunity cost can be valued by considering other uses for existing capital and labor. On the individual level, this matter-of-fact calculation may be incomplete. Some experts contend that our leisure time is valued at the <https://assignbuster.com/opportunity-cost-the-cost-of-taking-time-to-read/>

amount of money the individual could be earning in the next hour worked (Spotila). However, Donald B. Rosenfield of the MIT Sloan School of Management says, " Most people don't explicitly think about it. They just sort of guess, make a rough judgment" (qtd. in Mohl). When a consumer's scarce leisure time is placed in competition with quality family time, the cost can become priceless.

However the cost is calculated, it must be added to the bookstore price to derive the overall cost to the consumer. Can this be done with any degree of accuracy On the most basic level, we can add the amount the reader could earn in the hours it takes to read a book to get a rough estimation. Yet, according to Dobbs, it is a complex decision making process that involves a myriad of sub decisions in which all alternatives need to be evaluated (202). In a world of escalating wages and fierce competition for scarce leisure time, the task of estimating opportunity cost is not a practical reality.

The bookstore cost of our products is only the first investment that the consumer will make. The hours spent reading the book will be far more valuable than the time it takes to earn the cost of it. Competition for this time is keen and activities such as family time may be priceless. There can be no way to accurately measure the opportunity cost, but we are able to control the quality of our books and continue to raise their value to the consumer in an effort to compete for their leisure time.

Works Cited

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