

Bus week 3 db

Business



Client's 12 September Select a Company: Amazon Amazon is a stellar company, hundreds of thousands of products are sold on Amazon each day. Amazon has been using dynamic pricing and it has been working out well for the company.

What is the definition of dynamic pricing?

Dynamic pricing refers to change in price according to demand of the product. Amazon has been very specifically using this strategy for its DVD market and the returns have been good. It is quite unusual for a company like Amazon to change the price of its products several times in a single day, it has happened in the case of its DVDs.

How does the company you have chosen use dynamic pricing?

Star Wars the complete saga was sold on Amazon was USD 70 and in the same day the price hit a high of USD 84 and it was once again brought down, it is quite difficult to understand this pricing strategy.

What are the benefits and drawbacks of dynamic pricing for that particular company?

Dynamic pricing has several advantages; it can fetch a lot of profit. In the case of Amazon the Star Wars DVD was bought by several customers at USD 70 and there were many who bought it for USD 84 also. At USD 70 the company made less profit but at USD 84 it made much more profit.

Summarize your findings.

Dynamic pricing can help boost the profits of a company but at the same time it has its cons too. The biggest con is that the customers who bought the DVD at USD 84 would feel cheated and may never return for future transactions and this could severely affect a company.