After completing the Learning Activity titled “Match the Marginal Analysis Term,” research further each of the terms that were mentioned and apply them within your industry or organization.

The terms and definitions given in the “Match the Marginal Analysis Term” Learning Activity are:

Marginal Profit measures the change in profit resulting from a unit increase in quantity.

Marginal Costs measures the change in cost corresponding to a unit increase in the production level.

Marginal Revenue measures the change in revenue in response to a unit increase in a production level or quantity.

Give specific examples to explain how your organization measures these different marginal analysis components and why each one is beneficial to understanding overall organizational decision making.

The industry discussed is By Every Word Productions (BEW).

Marginal Costs.

Costs to producing, marketing and distributing music has drastically fallen in the last ten years. Entry costs have also fallen, the Marginal cost is now down to the finding the opportunity cost as time is the biggest factor after entry costs which are sunk costs.

Marginal Revenue

As the music industry moves from a product to a service base revenue on music is in strong decline. People today are depending on streaming services like Spotify, iTunes, ReverbNation, and YouTube. The major record label is quickly becoming obsolete as more and more producers are producing from digital based home studios. Today there are 500 times more producers, all flooding the music market which is now totally saturated with no relief in sight. As a result, the marginal revenue for an artists main income is from products and touring, and not from music sales. Syncing music is on the up rise but offers little relief currently. As a result, Marginal Revenue (MR) is below Marginal costs(MC).

Marginal Profit

Currently Marginal Profit in negative for By Every Word Productions. For the last few years MC exceeded MR. An attempt has been made to focus on products already produced in efforts to gain some marginal profits, to no avail as of yet. Synced music is still in its infancy and BEW believes that the answer lies there. We are currently listing with syncing distributers in efforts to rescue the production company.

BEW is a real company and is the label that lists my music. It should be noted that I as the owner felt time was better focused elsewhere for the last four years (like with my degree), however, I am excited as this is drawing to an end and I will soon focus on some much-needed new music. BEW is in front of the coming sync trend. The foundations is laid, all upfront costs are paid, and strategic allies are currently being chosen. Once music begins to be synced on a regular basis there is no doubt that MR and MP will move from negative to positive. In addition, since all sunk costs are paid out, and everything is in place opportunity costs are the only losses until that happens. As long as other opportunities are capitalized on revenues should increase quickly after I retain my BBA(L) from Brandman.