

## Strategy #19: Economies of service

### Covered in this section:

#### Making a service cheaper

- Economies of scale: the individual price of a product/service has the potential to decrease when its production increases
- In that case, you should look for products that you can sell to large groups of people, lowering the cost of the individual item
  - This strategy focuses on services. Ask yourself:
    - What service do you wish you had but it's way too expensive?
    - What services do rich people have that poor folk do not?
    - If we didn't change the cost of this service, but instead spread it out amongst more users, could this be a realistic service offered for a lower price?
  - Services that are expensive are usually that expensive because of poor utilization
  - Example: Private tutors
    - Teaching one student is \$50 but teaching 5 students at the same time means each one pays \$10
  - Find something people want but can't afford and build a system to spread the cost across multiple people