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Dakota Office Products



Introduction

Dakota Office Products (DOP) is a regional company that distributes office supplies in the midwest and this paper aims at analysing its current problems with regard to changes in customer demands and the issue of profitability. The paper describes the ongoing problems associated with DOP's unstable financial performance, productivity issues, and suggested innovations such as changing the pricing system to meet the clients' needs.



Profitability Concerns

The problem is that most of the products and services sold by DOP have fixed price that do not allow for changes in the customers order behavior. Specifically, the cost of not separating the price offered for traditional and electronic ordering methods is that costs are raised without a corresponding revenue gain.



Tiered Pricing

Thus, introducing tiered pricing, DOP will be able to perform a change of preference of customers to electronic ordering that is much cheaper. One of the ways of minimizing operational costs is through giving quantity and/or electronic transaction discounts.



Conclusion

These facts raise specific questions that Dakota Office Products must answer to achieve sustainable profitability: Pricing Dakota Office Products has to design adequate pricing strategies to gradually eliminate the operating inefficiency. Through the establishment of ABC, the change of its pricing structure, and the adoption of technology, DOP will be in a position to intensify its market position and, thus, satisfy the clients.



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