Interface gráfica do usuário, Texto

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Interface gráfica do usuário

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Diagrama

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Economies of Scale

The principle of economies of scale states that as the companies grow they become more effective at managing shared operations. Be that HR and hiring, taxes, accounting, internal operations, marketing, big purchases via contracts meaning better discounts, etc. etc.

Because of those, companies can save/earn more which in return allows for reduction in cost of their services to their customers. This is so called ‘price per unit’.

It’s not possible to go to 0 because in the end some underlying infrastructure needs to run to provide the services. But the larger the scale the more benefits can be passed to customers.

In fact, in the current scale, Microsoft can already offer multiple services for free due to how small a fraction of the cost it is for them.

# **Economies of scale**

From Wikipedia, the free encyclopedia

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As quantity of production increases from Q to Q2, the [average cost of each unit](https://en.wikipedia.org/wiki/Unit_cost) decreases from C to C1. LRAC is the long-run average cost

In [microeconomics](https://en.wikipedia.org/wiki/Microeconomics), **economies of scale** are the cost advantages that enterprises obtain due to their scale of operation, and are typically measured by the amount of output produced. A decrease in [cost per unit](https://en.wikipedia.org/wiki/Unit_cost) of output enables an increase in scale. At the basis of economies of scale there may be technical, statistical, organizational or related factors to the degree of [market](https://en.wikipedia.org/wiki/Market_(economics)) control.

Economies of scale apply to a variety of the organizational and business situations and at various levels, such as a production, plant or an entire enterprise. When average costs start falling as output increases, then economies of scale occur. Some economies of scale, such as capital cost of manufacturing facilities and friction loss of transportation and industrial equipment, have a [physical or engineering basis](https://en.wikipedia.org/wiki/Economies_of_scale#Physical_and_engineering_basis).

The economic concept dates back to [Adam Smith](https://en.wikipedia.org/wiki/Adam_Smith) and the idea of obtaining larger production returns through the use of division of labor.[[1]](https://en.wikipedia.org/wiki/Economies_of_scale#cite_note-1) [Diseconomies of scale](https://en.wikipedia.org/wiki/Diseconomies_of_scale) are the opposite.

Economies of scale often have limits, such as passing the optimum design point where costs per additional unit begin to increase. Common limits include exceeding the nearby raw material supply, such as wood in the lumber, [pulp and paper industry](https://en.wikipedia.org/wiki/Pulp_and_paper_industry). A common limit for a low cost per unit weight commodities is saturating the regional market, thus having to ship product uneconomic distances. Other limits include using energy less efficiently or having a higher defect rate.

Large producers are usually efficient at long runs of a product grade (a commodity) and find it costly to switch grades frequently. They will, therefore, avoid specialty grades even though they have higher margins. Often smaller (usually older) manufacturing facilities remain viable by changing from commodity-grade production to specialty products.[[a]](https://en.wikipedia.org/wiki/Economies_of_scale#cite_note-2)[[2]](https://en.wikipedia.org/wiki/Economies_of_scale#cite_note-3)

Economies of scale must be distinguished from economies stemming from an increase in the production of a given plant. When a plant is used below its optimal [production capacity](https://en.wikipedia.org/wiki/Productive_capacity), increases in its degree of utilization bring about decreases in the total average cost of production. As noticed, among the others, by [Nicholas Georgescu-Roegen](https://en.wikipedia.org/wiki/Nicholas_Georgescu-Roegen) (1966) and [Nicholas Kaldor](https://en.wikipedia.org/wiki/Nicholas_Kaldor) (1972) these economies are not economies of scale.