

APPLE

\$1.29 iTunes Songs Mysteriously Get Less Popular



matt buchanan

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Billboard's [crack scientists conducted a quick study](#) on a mysterious new phenomenon: More expensive \$1.29 songs on iTunes are becoming less popular!

(Actually, the results will surprise you.)

One day after the price jump, there were 40 \$1.29 songs in the Top 100, and 60 at 99 cents. The \$1.29 songs fell an average of 5.3 places, while 99 cent songs moved up 2.5 places on average. The total average chart drop of pricier songs since the prices went up is about three places. Which *sounds* like the masses punishing the greedy labels, but it's not—greed wins:

For a price increase (to \$1.29 from \$0.99) to result in an equal or greater amount of revenue, unit sales would to drop by no less than 23.3%. On the most recent track download chart, the different between #42 and #45 was only 3.5%. One has to move up to #6 on the chart to get to a difference greater than 23.3%. The difference between the #6 and the #3 chart positions equals a 30% drop in unit sales while the difference between #7 and #4 is a 19% drop in unit sales.

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DISCUSSION



radarskiy

4/11/09 3:56AM

Holy cow, someone actually did research in to the price elasticity of demand! I guess that's what happens when your organization decides to do some actual journalism.

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