
Subject: Scrap the income tax!

Posted by [Deathgod](#) on Tue, 26 Apr 2005 22:59:55 GMT

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Sir PhoenixxWhy not? Almost all companies do it all the time. If they didn't, the games you buy would stay at \$50 and never go down. After a while they've paid off enough of their debts, and can lower the price and still make a profit.

That is untrue pretty much across the board. Taking your games example, the first few runs of a popular game will be sold at a set price from the manufacturer to the distributors who will push it out to retail. Most new games cost retail stores like EB, Gamestop, and Best Buy around \$35-40 for a \$50 game, so that store only makes about 20% profit, maybe 30% if they're lucky. That is of course BEFORE what it costs that store to ship it to their outlet and staff the store, and cover all other expenses. These stores don't make money on new games, that is why EB and Gamestop pimp the hell out of preowns (where the margins are at minimum 100% profit and go as high as 1000%) and Best Buy marks up their big-ticket items like TVs and their accessories to cover the difference (those Monster cables you buy? Best Buy buys those from Monster for about 5-10 bucks a cable, and sells them for 60-100 bucks each, as an example). The people in charge of dropping these prices are usually the retail outlets, not the middlemen delivering the supply to the retail outlets, because the retail outlets need to clear the space on their shelves for the newest and greatest items. They can afford to sell the older copies for less money because on average they're still making money if they sold a ton of copies at 50 bucks. It's called dollar-cost averaging and it is a very common practice at all retail stores, and allows for things like Walmart giving away Gameboy Advance SPs for \$30 after Thanksgiving. They're selling those at a huge loss but they make it up elsewhere.

Anyhow, enough sidetracking. The issue at hand still remains; consumers will only see a benefit if corporations pass it on, and I imagine that most corporations will be rather reluctant to give up a 'free' invisible profit jump.
