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Economic analysis

Executive summary

Company planning to purchase marketing automation software must integrate principles of managerial economics for reaching maximization of returns. These principles allow the company to minimize costs and adverse situations that can result in a loss of stability or revenue. The common principles adopted for making the best use of the automation software include incremental concept, reaching an equi-marginal point, considering opportunity cost and discounting. By integrating these principles the manager would be able to make better decisions regarding automation software.

Introduction

Marketing automation software is essentially required by businesses these days. The evidence suggests that 51% of the businesses are relying on technology for attaining growth and stability. Marketing decision related to automation software results in increased spending and costs for the business. This indicates the need for adopting managerial principles for managing costs and utilizing the software for maximization of profits. It is critical to identify the principles of managerial economics that minimize the probability of financial and reputational loss.

Literature review

Evidence obtained from the literature suggests that the integration of principles of managerial economics leads to the efficient management of the operating system. The decision-making and planning are important tools for organizing, staffing and controlling activities that result in maximization of benefits due to the appropriate use of the automation software. The primary principle of managerial economics states management of marginal costs and revenue. The most important for the managers is to meet the challenge of keeping costs lower than revenues (Biegel, 2009).

Literature suggests opportunity costs also allow the company to manage costs such as by choosing the best alternative. This is useful for keeping the costs minimum and maximizing gain (Froeb, McCann, & Ward, 2017). The equi-marginal concept allows managers to think about how a firm can adopt a new activity by sacrificing other activities. This principle stresses on reaching an optimal point where the benefit is maximized. Discounting is also an important principle that states that the company must be prepared form meeting unexpected situations (Rubin & Dnes, 2010).

Empirical analysis

Investing in marketing automation software can be viewed as an opportunity for responding to the needs of changing the marketplace and reshaping the marketing and sales functions in business-to-business. HubSpot is recognized as one of the most powerful automation software. It offers various features including sales software, marketing and support software. The data and other features lead to the achievement of efficiency in operations (Biegel, 2009).

By adopting principles of managerial economics the company would be able to manage costs and attain maximization of profits. Keeping in view the principle of incremental concept the managers will focus on increasing revenues more than cost. The second principle that can be integrated into the current situation is the time perspective. This reflects that the managers must compete to take timely decision. This also involves decisions regarding changing output and size that managing opportunity cost is also effective for choosing the cost-effective automation software (Froeb, McCann, & Ward, 2017). Discounting can be used for keeping managers prepared about unexpected situations such as defects in the automation system, operational inefficiency or staff’s incompetency of handling software. Such measures can allow the company to reach an optimal point.

Conclusion

The overall analysis of the situation depicts that incorporation of principles of managerial economics increase managers efficiency of handling uncertain circumstances and taking the right decisions at the time. The use of principles allows the company to minimize costs and maximize gains. The principle of incremental concept the managers will focus on increasing revenues more than cost. Similarly discounting suggests preparing managers for dealing with uncertain situations.

References

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