

Price Planning



Instructions: Refer to the Price Planning PowerPoint to answer the following questions.

Visit www.carmax.com and answer the following questions:

1. Based on the search screen on the homepage, on what basis does the price of cars go up or down? (2 pts)
2. Why are some makes (i.e. brands) of vehicles more expensive than others? (2 pts)
3. What factors might be figured into price that are not displayed on the screen? (2 pts)
4. What role does the brands or make play in the price of vehicles? (2 pts)
5. What would happen to the perceived value of a Porsche if the price was cut in half? (2 pts)

Based on what you learned from the Price Planning PowerPoint, answer the following questions:

6. Why would anyone want to buy something that is more expensive than other, similar products? (2 pts)
7. Explain, in your own words, the balancing act sellers perform when setting prices for products. (3 pts)
8. One of the slides in the Price Planning PowerPoint shows the impact on sales of shoes with increasing prices. Why do you think the number of shoes sold goes down as the price increases? (2 pts)
9. The mobile phone market is a \$4 billion industry. Use the following market share percentages to determine the amount of sales for each company (1 pt. each):

Mobile Phone Maker	Market Share	Sales (\$)
Sony Ericsson's share	7%	
Nokia's share	35%	
Motorola's share	23%	
Samsung's share	12%	
LG's share	7%	
Other makers' share	16%	

10. A company sells computer desks for \$125 each. The cost to make and market the computer desks is \$95 per unit. Calculate the return on investment.