PRICING 1: LINEAR DEMAND

DESCRIPTION:

This module covers the relationships between price and quantity, maximum willing to buy, maximum reservation price, profit maximizing price, and price elasticity, assuming a linear relationship between price and demand.

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order) **Module:** Pricing 1: Linear Demand / Problem Set ID: 1045

XYZ, inc. makes and sells bicycle parts. Last year XYZ sold **5,100** handlebars, generating sales of **\$110,000**. This year they are considering a new pricing strategy with a target profit goal of **\$18,000**. They determined that for every **\$2** increase to the selling price, a **100** decrease in unit sales was expected. Their total costs were **\$100,000** with fixed costs accounting for **\$64,000**. This year, XYZ, inc. is considering changing the selling price to **\$25**.

What is XYZ's average selling price per handlebar?

	0.00			dollars			
PS1	1	2	3	4	5	6	7

SUBMIT ANSWER EXIT



