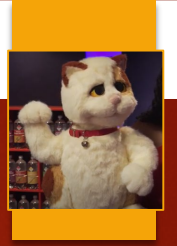
Price, Price, Price just right!

HOW DID SCARCITY CAT DECIDE TO PRICE HER LIMBURGER CHEESE?

Scenario #1: Scarcity Cat charges one penny per pound of Limburger cheese.

- What does Megan think about this plan?
- What do the rats think about this plan?
- What happens when the skunks arrive?

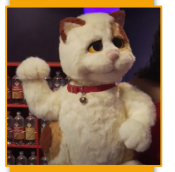
Scenario #2: Scarcity Cat charges one million dollars per pound of Limburger cheese.



- What does Megan think about this plan?
- What do the rats think about this plan?
- What happens when the skunks arrive?

Scenario #3: Scarcity Cat charges seven dollars per pound of Limburger cheese.

- What does Megan think about this plan?
- What do the rats think about this plan?
- What happens when the skunks arrive?



How did Scarcity Cat determine that $7/lb was the best price for her Limburger?

COST + PROFIT = PRICE

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It cost Scarcity Cat $3 per pound to get the Limburger to her store.

She wanted to make a profit of $4 per pound.

She added her costs and her desired profit to determine the price of the Limburger.

Pitot's
CANDY SHOPPE

ASSESSMENT:

- If the price of an item is too _____, then customers will not want to buy it.
- If the price of an item is too _____, then the business selling it will not make enough money.
- Businesses must think about _____ and _____ when setting the price of an item.

low	profit
cost	high