

# SETTING A SELLING PRICE

Name \_\_\_\_\_

**Directions:** Answer the questions and be prepared to share your responses.

1. What must a business consider when setting a selling price for a good or a service?

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2. What effect might a decrease in price have on sales?

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3. Why should a business avoid selling a good or a service for less than it costs to produce it?

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4. Many stores sell end-of-the-season clothes and goods at a low price. Why?

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5. How is the selling price related to profit?

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## Citizen Alert!

End-of-the-season sales help  
reduce a store's inventory.



# PRICE SETTING FOR A JA BIZTOWN BUSINESS

Name \_\_\_\_\_

## Important Background Information:

1. This business has nine different types of goods or products to sell. Its total inventory is 57 items.
2. The business has seven employees and took out a loan of \$163.00 at the beginning of the day.
3. The business wants to pay back its loan and still earn a profit before the end of the day.
4. To allow all citizens an equal opportunity to buy items from this business, the sales staff will divide the inventory by three and offer one-third of it for sale during each shopping break.

## Directions:

1. Complete this inventory sheet as a business team.
2. To start, divide the bank loan by the total number of items for sale to determine the average price per item. Average Price Per Item = \_\_\_\_\_
3. Price what you think will be popular above the average and less desirable items below the average.
4. Appropriately price the items below so this business makes a profit if all of the items are sold to students during their breaks.

DESCRIPTION	QTY		PRICE EACH		AMOUNT
Address Book	9	X	_____	=	_____
Pen Set	6	X	_____	=	_____
Bead Necklace	6	X	_____	=	_____
Colored Pencil	9	X	_____	=	_____
Poster	3	X	_____	=	_____
Sunglasses	6	X	_____	=	_____
Candle	6	X	_____	=	_____
Key Chain	9	X	_____	=	_____
Puzzle	3	X	_____	=	_____



# MY BUSINESS COSTS

Name \_\_\_\_\_

If you were to run a business, what costs would you have? What goods or services would you produce? What would you charge for those goods and services?

- Using the list that your class brainstormed together, choose seven business costs. These are services or resources for which your business might need to pay. An eighth cost, taxes, has been done for you.

<b>Taxes \$5.00</b>	_____
_____	_____
_____	_____
_____	_____

**Total operating costs** \_\_\_\_\_

- Think of four goods or services your business would sell.
- Divide your total operating cost by the total number of goods to find the average price per item.
- Price what you think will be popular or goods that require more resources above the average cost per item.
- Price less desirable or less costly goods below the average cost per item.
- Calculate the amount of revenue by multiplying the price for each item by the quantity, then add all the amounts.
- Subtract the total operating cost from the revenue to be sure your business will earn a profit.

Item	QTY	x	Price each	=	Amount
_____	6	x	_____	=	_____
_____	10	x	_____	=	_____
_____	4	x	_____	=	_____
_____	20	x	_____	=	_____
Total _____				=	_____

**Total revenue** \_\_\_\_\_ - **Total operating cost** \_\_\_\_\_ = **Profit** \_\_\_\_\_

Divide your total operating cost by the number of goods you have to sell to determine the average price per item. Appropriately price your items so that your business would make a profit if all the goods and services were sold.

