

Function of Marketing



Pricing

Price – The monetary value placed on a product or service

How do companies determine the price of their product or service?

- **Cost of materials and production**
- **Competition**
- **Markets wiliness to pay**

Factors of Cost

IMAG Example – Black Hoodie with LRHS

- Cost of Hoodie to order from Broder Bros.
- Cost of Shipping
- Cost of running shop (computers, printer, etc)
- Cost of screens, ink, and, test squares
- Cost of mistakes



Selling Price

How companies determine selling price

- Comparable alternatives (McDonald's Fries)
- Competition (Coke vs. Pepsi)
- Trends (iPhone)
- Need to make a profit for company expansion

What is Profit

Profit is the money left after cost have been paid

- Return on Investment: **Profit/Cost**
- Breakeven Point: **The number of products that must be sold to begin making money. (example: Broadway Bash)**
- Profit Margin:
***Profit Margin = Selling Price - Cost / Selling Price = %**

Assignment

- Finish worksheet – Due for Wednesday Class
- During Shop days, begin thinking how you can determine price
- Your Friday presentation should include your observation of how IMAG determines price.