

How Many? How Much?

Many people ask about the best approach to the YouthBiz Marketplace when it comes to price and quantity of goods. Below is an example of a simple equation, that can help guide you to the best answer. In the end, it is important that you consider what kind of profit is desired at the end of the marketplace and use the equation to help you reach your goal.

Other Price/Quantity Factors: Consider the competition. How many other businesses are selling similar goods? What are their prices? Are mine more or less? Why? You may also want to consider working the equation a number of different ways. During the marketplace you may choose to either lower or raise the price due to products selling too quickly or too slowly. Knowing how a change in price will affect your profits beforehand will allow you more flexibility.

EXPENSES Makes 4 dozen or 48 cookies	
Item	Cost
1.5 Hours of Labor/Work	\$11.50
1 box of butter (4 sticks)	\$4.99
1 bag of sugar	\$2.39
1 bag of brown sugar	\$2.09
Carton of eggs	\$1.79
1 bottle vanilla extract	\$7.99
1 bag of flour	\$1.79
1 box of baking soda	\$0.89
1 bag of chocolate chips	\$2.50
2 teaspoons hot water	\$0.00
Total	\$35.93

Step 1

How much would it cost me to make one cookie?

$$\$35.93 / 48 = \$0.75 \text{ per cookie}$$

Each cookie costs me \$0.75 cents to make. So this is my starting point. I must make my price higher than \$0.75 cents.

Step 2

How much are my competitors selling their cookies for? After online research, this is what was found:

1. Mrs. Fields: Chocolate Chip Cookie \$1.00/cookie
2. Victory Love + Cookies (boutique): Chocolate Chip Cookie \$2.41/cookie

Step 3

If I sell 48 cookies at \$1.50 each. How much will I earn in **profit**?

$$\underline{\$36.07} \text{ in profit per 48 cookies}$$

$$48 \text{ cookies} \times \$1.50 \text{ per cookie} = \$72.00$$

$$\text{Expenses } - \$35.93$$

$$\underline{\$36.07}$$



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EXPENSES	
Amount Made: _____	
Item	Cost
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Total Expenses	\$ _____

Step 1

How much would it cost me to make one item?

\$ Total expenses _____ / amount made _____ = \$ price per item _____

Each item costs me \$ _____ to make. So this is my starting point. I must make my selling price higher. In order to make a profit.

Step 2

How much are my competitors selling their products for?

1.

2.

Step 3

If I sell **a.)** _____ items at **b.)** \$ _____ each. How much will I earn in profit? **c.)** \$ _____

a.) _____ X **b.)** _____ = _____

Expenses - \$ _____

Profit **c.)** \$ _____

YOUR GOAL:

If I sell _____ items at \$ _____ each. How much will I earn in profit? \$ _____