Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**10. Pricing strategies Mark: /14**

1. Jiro runs a popular Bubble tea shop in Birmingham. The price of a tea is £3.50. Demand is high and the business sells up to 1 000 teas per day?

* 1. A new pop up competitor enters the market charging just £3. By what percentage would Jiro have to cut his prices to match this? /2 marks

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* 1. Jiro lowers his price by just 10% but demand falls by 8%. What is his new sales revenue? /3 marks

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2. Joe manufactures olive oil. Each 250ml jar costs £3.80 to produce. He adds a 40% mark-up. What is the selling price per jar? /2 marks

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3. Pritti buys 10 000 beach bags. She sells 80% of these bags receiving £120 000 from sales after adding a 20% mark-up. What was the cost per bag to Pritti? /3 marks

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4. Francis bought 2 500 greetings cards. He paid £2 000 and raised £3 750 from selling all of the cards.

 What is the unit cost per card? /1 mark

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What is the selling price per card? /1 mark

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What is the percentage mark-up per card? /2 marks

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Why might a branded good be able to add a high mark-up?