

12.18: Assignment- Retail Pricing

Your store has begun making a new meal-replacement drink—it costs \$5.00 to produce a 6-pack of drinks (or \$0.83.33 per drink). These drinks are being marketed as full meal replacements for individuals who are looking to lose weight. You and a small team have been tasked with pricing this product, as well as proposing the in-store display for its sale.

For this assignment, you may work on this alone or together in partnership groups of 2–3 students if you choose.

Part 1

Your task is to propose a price for this new drink product. Take into account the cost of producing the product, the potential cost of transporting the product and marketing the product.

Your company is trying something new with this product; while the store has sold this type of drink before, this is the first time they have produced such a product. Your company has had success in selling other company-branded food products but having its own branded product will be a new venture.

Write a short essay (400 words minimum) outlining your reasoning for the price you choose. Be sure to include the specifics of production, distribution, and marketing. And the calculated profit for the selling such a product and why. Be sure to identify your target market (and why) as well.

Part 2

Once your price has been determined, it's time to decide how you want to display your product in the store to encourage customers to buy it. How will you motivate your target customers to buy this new product?

Produce a visual aid (diagram, sketch, etc.) preferably using Draw, PowerPoint, Excel, or some other software tool. Be sure your submission includes a brief description of the display that explains your rationale based on all the evidence you have acquired. Please include this visual aid and submit it along with your essay.

Instructional Note: You will not be graded on your artistic skills, but rather the ideas behind the display. However, you should still make your proposal and presentation essay as professional as you can!

Grading Rubric

This assignment is worth a total of 50 points.

Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Provide price for new product	0 pts No price provided	2 pts Price does not align with reasoning in the essay	5 pts Price is provided and aligns with reasoning	5 pts
Turn in short pricing essay	0 pts Essay not provided	7 pts Essay does not adequately describe the process of determining the price	15 pts Essay is no more than 500 words and describes the reasoning behind the determined price	15 pts
Provide visual aid for product display	0 pts No visual aid provided	5 pts Visual aid does not align with reasoning in the essay	10 pts Visual aid is provided and aligns with reasoning	10 pts
Turn in short display essay	0 pts Essay not provided	10 pts Essay does not adequately describe the process of determining the price	20 pts Essay is no more than 500 words and describes the reasoning behind the determined display	20 pts
Total:				50 pts

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