

**Area**—Consumer and Family Resources

**Scenario**—Side Food Business **Key**

**Scenario**

You have made all your plans and will be selling bagels between tests during finals week. You have calculated all of your prices based on \$.28 per bagel and computed a 60% markup (rounded off to the hundredths place). You have planned to sell 1200 bagels. What will be the selling price? How much profit will you make?

$$$.28 \times 1.60 = $.448 = $.45 \text{ selling price}$$

$$$.28 \times 1200 = \$336.00 \text{ costs}$$

$$$.45 \times 1200 = \$540.00 - \$336.00 = \$204.00 \text{ profit}$$

Your supplier has just informed you that you will need to pay 5% more for your product. What will be your total increased cost? How would this affect your profit? Will you increase your price and if so, by how much? What difference in profit will you see if you do sell all your bagels? Write 3-5 complete sentences explaining your decisions.

$$\$336 \times 1.05 = \$352.80$$

$$\$540.00 - \$352.80 = \$187.20 \text{ } (\$16.80 \text{ decrease})$$

Answers to the rest of the scenario will vary.