

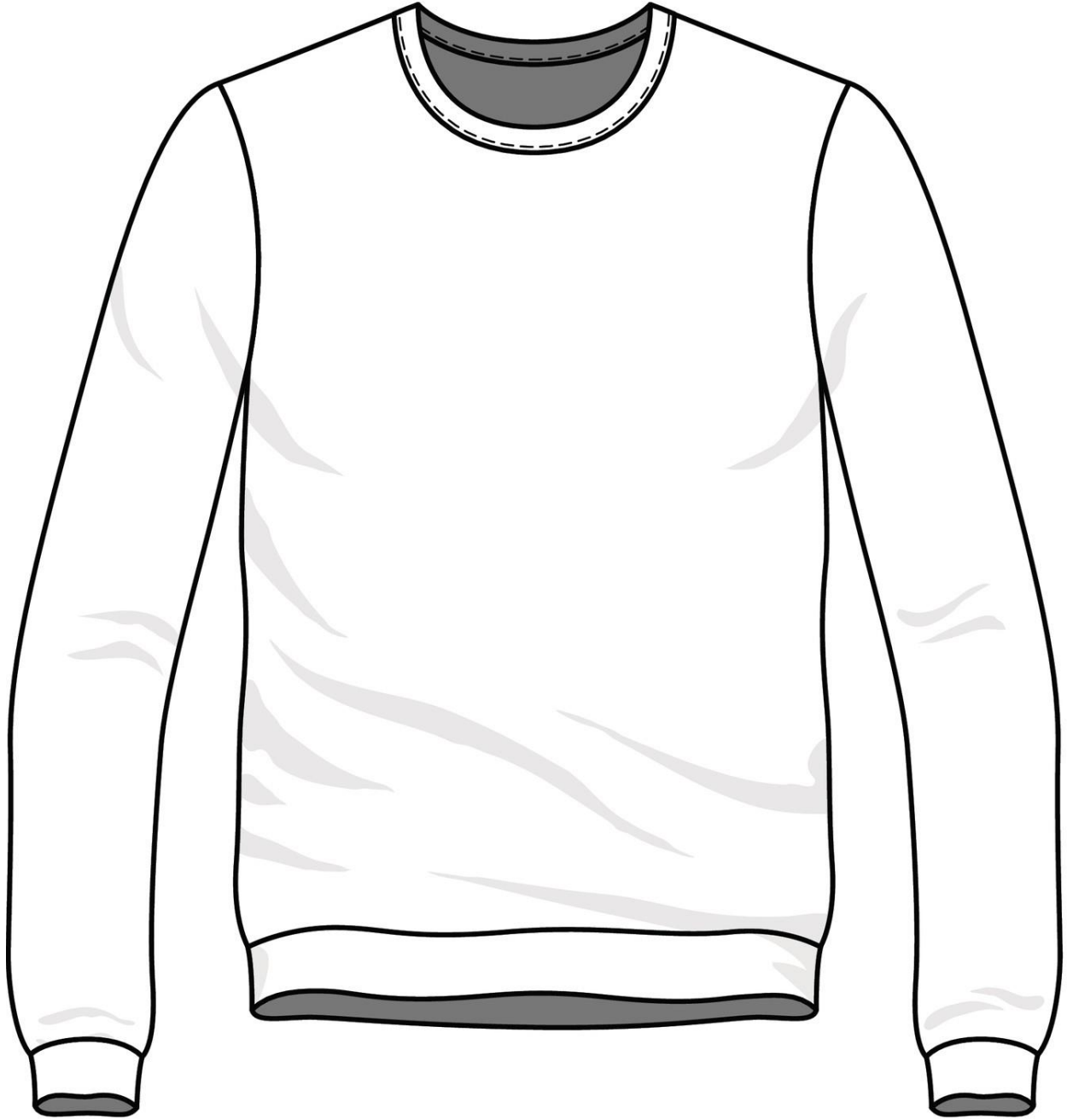


## The Adviser: Sweater Weather

*The Adviser is a monthly activity where you take on the role of an accounting guru whose expertise will help local businesses. It is your job to make sure your clients are on the path to financial success.*

SubZero, a successful local clothing store, is launching a new sweater for the winter season. The company is finalizing a design, but they are unsure which concept and pricing strategy will perform the best in the market. SubZero recently hired you to conduct market research and help finalize the details. Can you help them determine which sweater will resonate best with potential customers and choose a strategy that will earn them the highest possible revenue?

To kick off the activity, design a sweater concept for SubZero using the outline on the next page (your teacher will advise how much time you have to create it). Leave the dollar amounts blank as they will be used for the next part of the activity.



\$0 \_\_\_\_\_

\$2 \_\_\_\_\_

\$4 \_\_\_\_\_

\$6 \_\_\_\_\_

\$8 \_\_\_\_\_

\$10 \_\_\_\_\_

\$12 \_\_\_\_\_

\$14 \_\_\_\_\_

\$16 \_\_\_\_\_

\$18 \_\_\_\_\_

\$20 \_\_\_\_\_

\$22 \_\_\_\_\_

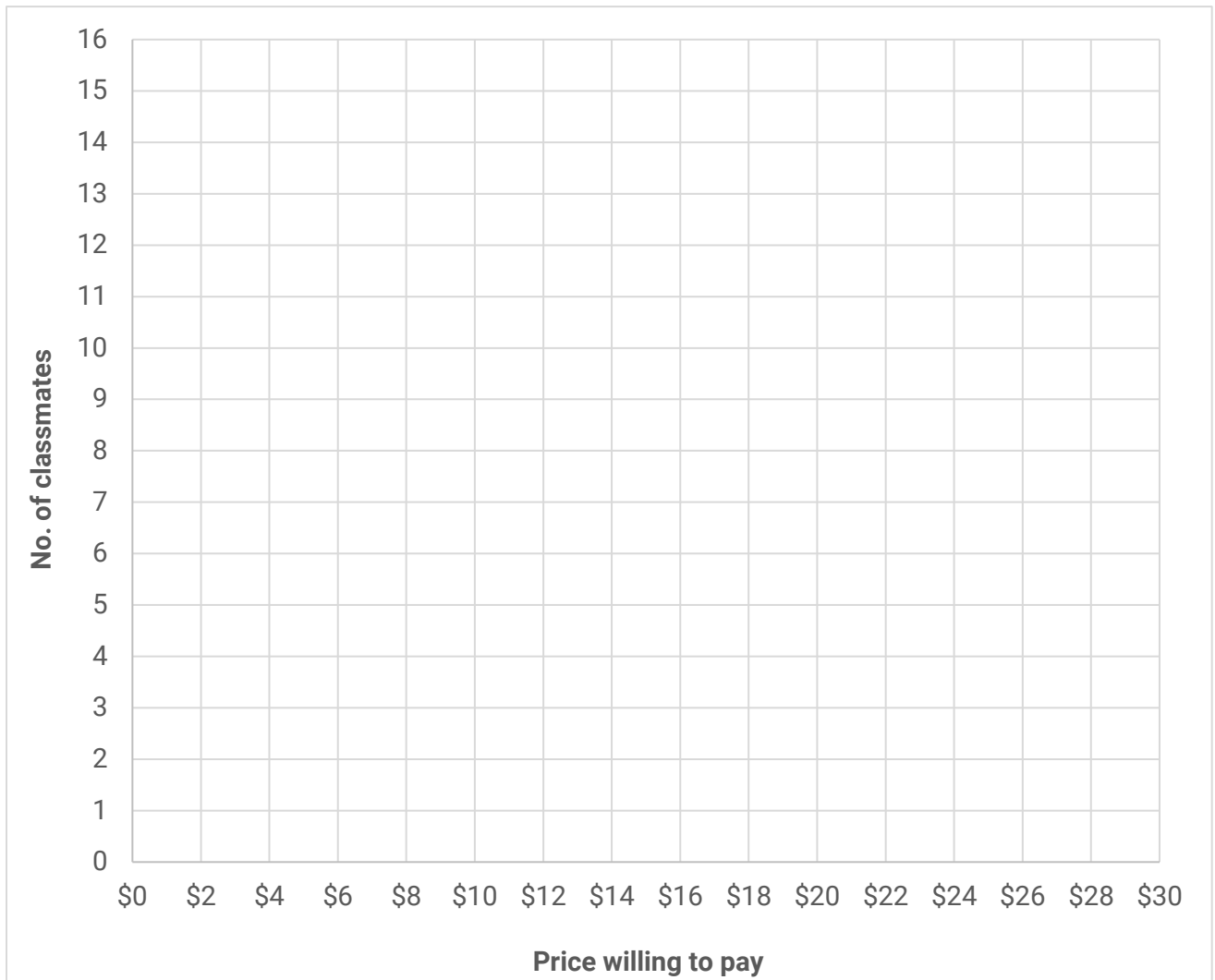
\$24 \_\_\_\_\_

\$26 \_\_\_\_\_

\$28 \_\_\_\_\_

When your allotted time is up, hang your design in the classroom. You'll then go around the room to view your classmates' sweaters and make a tally mark next to the maximum price you would pay for each one; your classmates will do the same for you. Note: Only choose one dollar amount for each sweater. If you would not purchase it, choose \$0.

Next, plot your sweater's data on the graph below and answer the questions that follow to determine your ideal price point. If your classmates state that they would buy the sweater for a particular price, we can assume that they would also buy it for any price less than that.



1. At what price will you sell no sweaters? That is, what price is higher than anyone would pay?
2. For what price would you bring in the most total revenue?