

# [Cumberland case study](https://assignbuster.com/cumberland-case-study/)

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How much do you think one of these pads is worth to a customer? Does the test data tell you anything about this? Choleric paid $1000 for the 480 asbestos pads that were required for the Job, only spoof the COM pads were needed to complete the Job. AFAIK paid $2000 for the 600 required pads, and only needed five COM pads for their Job. As the COM pads cut the drive time down by 33%, Choleric should be willing to pay the same amount of money for the COM pads asthma did for the asbestos pads. If the price were $1000 for six pads then each pad would be $166.

67 for Choleric.

AFAIK used five of the COM pads and they paid $2000 for the asbestos pads, therefore the price per COM pad would be $400 per pad. See table 1 With all of these factors in making the decision to purchase the COM pads, I would believe that the pads would be worth significantly more to the contractors than the asbestos pads would ever be due to the time saved on the projects. To put a monetary value on the pads would be like trying to distinguish a price on the health and safety off human life. Table 1 How big is the market? What kind of opportunity is out there? Table 2 What price would you charge for the curled metal pads?

To help determine a price for each COM pad, the consumer value must be factored in.

The first test, at the Choleric site, proved that by using the COM pads there was a potential savings of $5410. 76. Dividing the savings by the number of COM pads used will give an approximate consumer value of $902. I would charge $900 to begin for the 11. 5″ pads. What are the benefits and problems in charging a low price or a high price? Look at this question from both a company and customer point of view? Is it more Important to make high profits or build market share? Discuss concepts on pricing strategies (value pricing verses cost based pricing)