

Blueberry pricing exercise

Billy B. decided four years ago to add high bush blueberries to his commercial vegetable farm near Whitesville. The first two years he did not harvest any berries. In the third year he had a very small crop but was not able to sell to the public. This year things look very good for the crop and he expects to produce 3000 pints. Billy has done a good job of keeping up with his costs, which include variable cost of \$953.54, fixed cost of \$863.92, and labor cost of \$600. He believes the best method of marketing his crop is on a pick your own basis. Billy would like some help in determining what he should charge per pint for his berries. Answer the questions below to give Billy some direction on determining an asking price.

1. What factors should Billy consider in determining the price?
2. What is the minimum price Billy can charge and break even on his crop?
3. What price should he charge and why?
4. What other methods can be used to determine price?
5. If there is competition how will that affect Billy's price?
6. If Billy decides to charge \$1.25 a pint what quantity will he need to produce to break even?