

Calculating the Better Price of a Sales Promotion

- Two local restaurants have promotions for families.
Restaurant A – Two kids eat free from the kids menu (kids meals usually cost \$6.00). Additional kids meals must be paid in full. Adult meals are \$12.99. This promotion is on Monday evenings only.
Restaurant B – All children eat for free. Adult meals are \$16.99. This promotion is valid Monday to Friday.

The Smith family has 2 adults and 3 children. Which restaurant should they go to?

Restaurant A

They would pay 2 adult prices: $2 \times \$12.99 = \25.98

They would pay 1 child price: $1 \times \$6.00 = \6.00

Total amount: $\$25.98 + \$6.00 = \$31.98$

Restaurant B

They would pay 2 adult prices: $2 \times \$16.99 = \33.98

If the Smith family is only eating out on a Monday evening, Restaurant A is a better choice. If they want to eat out on any other weeknight, Restaurant B is the better choice.

2. Jason, a contractor, is putting the finishing touches on a new home. He needs to put light bulbs in all of the light fixtures. He requires 18 fluorescent light bulbs to finish the job. Home Depot sells a case of 12 for \$56.94, or a case of 36 for \$77.88. What is the better deal?

To buy 18 light bulbs, Jason will have to either buy 2 cases of 12 or 1 case of 36.

For the cases of 12:

$$\begin{aligned}\text{unit price} &= \text{price} \div \text{number of items} \\ &= \$56.94 \div 12 \text{ light bulbs} \\ &= \$4.75/\text{light bulb}\end{aligned}$$

or

$$\begin{aligned}\text{cost of 2 cases} &= \$56.94 \times 2 \text{ cases} \\ &= \$113.88\end{aligned}$$

For the cases of 36:

$$\begin{aligned}\text{unit price} &= \text{price} \div \text{number of items} \\ &= \$77.88 \div 36 \text{ light bulbs} \\ &= \$2.16/\text{light bulb}\end{aligned}$$

or

$$\begin{aligned}\text{cost of 1 case} &= \$77.88 \times 1 \text{ case} \\ &= \$77.88\end{aligned}$$

To buy the smaller cases, Jason would need two of them, and would need to spend \$113.88. By purchasing a larger case, he would only need the one case for \$77.88.

By purchasing the larger case, he will have more extra bulbs and he will save \$36.00. He should purchase the larger case of bulbs.

The only reason he should not buy the larger case is if he does not have the space to store 18 extra bulbs.

A truck dealership has a sales promotion on right now. *Buy a new vehicle, and get a free 3 day trip to Las Vegas.*

a. How is this promotion good and bad for the customer?

Good:

- *The customer gets a free trip.*

Bad:

- *All trips involve money (even if it is just spending money) – the customer may not be able to afford to go on the trip after buying a new vehicle.*
- *The customer may not have a passport to leave the country.*
- *The trip may have to be taken at a specific time that may be inconvenient for the customer.*
- *The cost of the vehicle may be higher to cover the cost of the trip.*

b. How is this promotion good and bad for the dealership?

Good:

- *The promotion may bring in more customers who will purchase a truck.*
- *The customers may tell their friends, which results in 'free' advertising for the truck dealership.*

Bad:

- *The dealership will have to cover the cost of the trip.*
- *The dealership may have to charge more for other services or accessories to make up for the cost of the trip.*