

Project 1 – The 19th hole

In this lesson, we will use trendlines in Excel to model the relationship between the demand for a product and its price.

Objectives

The company wants to estimate the relationship between demand and price and then use this estimated relationship to answer the following questions:

Assuming the unit cost of producing a set of clubs is \$250, and the price must be a multiple of \$10, what price should the company charge to maximize its profit? How does the optimal price depend on the unit cost of producing a set of clubs? Is the model an accurate representation of reality?

1. Assuming the unit cost of producing a set of clubs is \$250, and the price must be a multiple of \$10, what price should the company charge to maximize its profit?
2. How does the optimal price depend on the unit cost of producing a set of clubs?
3. Is the model an accurate representation of reality?

Key Insights

- a. Sell at a price of \$530 for a profit of \$1042,213
- b. Then Price we would want to sale it at is now not \$530 but \$600
- c. Yes