ACCT6273-w02-m02 – Lille Tissage

**Slide 3:**

What variable cost should be used for the competitors? Think about what you know about the competitors’ costs compared to Lille Tissages’ costs, and pick a variable cost for the competitors that you think might be reasonable (we will just use one variable cost for the competitors, regardless of volume). Only numbers between FF6.80 and FF10.00 can be accepted.

Enter this information in the space provided.

**Slide 4:**

Using the variable cost you have estimated, here are the competitors contributions per meter at prices of FF 15 and FF 20.

**Slide 5:**

What volume do you estimate for the competitors if Lille Tissages is at FF 20, and the competitors are at FF 15? Look back at what you thought was a reasonable volume for Lille Tissages in this situation, and the volume for the competitors will be the difference between Lille Tissages’ volume and 700,000.

Input your answer in the top space provided.

Then consider what you estimate for the competitors if Lille Tissages is at FF 20, and the competitors are at FF 20? Again, look at your earlier assumptions for Lille Tissages’ volume in this situation.

Input your answer in the bottom space provided

**Slide 6:**

Total contribution estimates are depicted in the table shown. As you analyze the results, consider the following: Where do the competitors want to be? Where do they get a higher contribution, and, hence, higher profits?

Click the download button to retrieve a copy of table.