Assignment:

**THE DEMAND AND SUPPLY MODEL**

**Case Assignment**

The Case assignment is performed using information on a company of your choice that is publicly traded in the stock market. If you are unsure which company to choose, you can look through the list of companies in the S&P 500 at the Yahoo Finance Portal ([*http://finance.yahoo.com/q/cp?s=%5EGSPC*](http://finance.yahoo.com/q/cp?s=%5EGSPC)) or choose from a list of companies provided in the [*Appendix*](https://tlc.trident.edu/content/enforced/82084-BUS530-DEC2016FT-1/Modules/Module1/Appendix.docx?_&d2lSessionVal=gS7AkO124edeyGtPDg3vkwR46&ou=82084). (Attached) Search the company’s website and obtain information about the company’s products, their markets, their recent price, revenue and profit history, and the main characteristics of the industry the company operates.

Using this information, write a paper commenting on two of the following four questions:

* Government regulators are concerned with market power. Does your company have market power?  Or does your company operate in a competitive market? If so, provide a few examples.
* Does your company operate using only a price strategy, or does it employ other strategies, such as advertising and product differentiation? If so, explain why and provide a few examples.
* Do prices and other incentives play a significant role in your company? If so, explain why and provide a few examples. For example, how is the CEO of your company compensated? Salary only? Salary and bonuses? Salary and stock options? What is the reason for these alternative arrangements?
* Your company wants to increase its total revenue. One strategy is to offer a 10% discount. Your company, however, knows that its customers can be divided into two distinct groups according to their likely responses to the discount. The accompanying table shows how the two groups respond to the discount.

                                                                                   Group A                 Group B

                                                                             (sales per week)       (sales per week)

            Sales before the 10% discount                    1.55 million             1.50 million

            Sales after the 10% discount                       1.65 million             1.70 million

Using this information, and your knowledge of the relationship between total revenue and price elasticity of demand, compute using the midpoint method, the price elasticity of demand for Group A and Group B and explain how the discount will affect total revenue from Group A and Group B.  If your company want to increase its total revenue, should the 10% discount be offered to Group A only, to Group B only, to neither Group, or to both Groups? For simplicity, assume in both cases that the price before the discount is $100, and after the discount is $90. For the computations of the arc elasticity of demand, please refer to the *[The Demand and Supply Model handout](https://tlc.trident.edu/content/enforced/82084-BUS530-DEC2016FT-1/Modules/Module1/The%20Demand%20and%20Supply%20Model.docx?_&d2lSessionVal=gS7AkO124edeyGtPDg3vkwR46&ou=82084" \t "_blank)* and [*Price Elasticity of Demand handout*](https://tlc.trident.edu/content/enforced/82084-BUS530-DEC2016FT-1/Modules/Module1/Price%20Elasticity%20of%20Demand.xlsx?_&d2lSessionVal=gS7AkO124edeyGtPDg3vkwR46&ou=82084). (Attached)

**Assignment Expectations**

In the Case Assignment, you are expected to:

* Describe the purpose of the paper and provide a conclusion.
* Present information in a professional manner.
* Answer the Case Assignment questions clearly and provide necessary details.
* Write clearly and correctly—that is, no poor sentence structure, no spelling and grammar mistakes, and no run-on sentences.
* Provide citations to support your argument and place references on a separate page. (All the sources that you listed in the references section must be cited in the paper.) Use APA format to provide citations and references [[*http://owl.english.purdue.edu/owl/resource/560/01/*](http://owl.english.purdue.edu/owl/resource/560/01/)].
* Type and double-space the paper.
* Whenever appropriate, please use Excel to show supporting computations in an appendix, present economic information in tables, and use the data to answer follow-up questions.