

# Quiz 1 – Setting Up Prices

## International Business – 2022 September-December

### The Answers:

1) **In your opinion, what is (are) the difficulties in trying to set your prices?**

- The difficulties are Firstly; we were not knowing exact consumption rate from the different countries, so while doing the trade we were confused. Secondly, we were confused to calculate how much tons or units to set our country consumption rate and how much tons or units we have to trade to other country. Lastly, the difficulties are while we are doing the negotiation, we are confused are we supposed to buy how much textile, agriculture, or service from other groups.

We have to know the cost production, and we must consisten to looking for revenues with multiplying the prices. We should be careful with the price so that our price is not higher than competitor

1) **In your opinion, what is (are) the difficulties in trying to set your prices?**

The difficulties to set the price is because, first of all we didn't know about the other countries data, and that's kind of confused us. The second one, we still confused too about the calculations, we didn't know if our calculations are right or wrong. And a lot of consideration that we want to put in the data or not.

1) **Where are the grades/scores for the group member?**

2) **In your opinion, what is (are) the difficulties in trying to set your prices?**

To set up prices it was necessary to make sure the trading is making profit but also considering the national condition. For example, if we trade our agriculture product too much it will cause national emergency because our people will have less agriculture to consume. We also need to calculate the consumption rate of our country based on demand and many more causes. We need to make sure also that we can compete against our country competitor, we need to place the price in the right point so we can get customers for our export without making loss.

1) **In your opinion, what is (are) the difficulties in trying to set your prices?**

**In my opinion, the difficulties in trying to set our country's prices because from the data we were confused and not sure where the way we're calculating will make our country gain more revenue or even loss.**

4. In my opinion the difficulties when set the price is we should know all the things we need and doing the calculation, try to make

**1) In your opinion, what is (are) the difficulties in trying to set your prices?**

In my opinion, it is hard to find how much should of textile, services or agriculture a country should purchase to fulfill its demands with the considerations of costs and total revenue. If my country purchase too much, it can create unemployment and more revenue to other countries but can reduce costs for my countries. Another possible difficulty is to always calculate back another currency to USD and convert to your own currency with takes time and effort; we need to be careful because we are dealing with big numbers.

On my opinion, the difficulties in trying set the prices is how we calculate it, then how to make our prices cheaper than other countries.

4. There are challenges in setting our trading prices. First is we don't know what other groups important data regarding their citizens population, GDP, and their currency. The second difficulty is we still has problem in order to calculate how exact number we need to sell and buy to other countries. The last problem due to every single country has different rate exchange per 1 dollar it is make it more complicated to set the trading prices.

1. The difficulties of setting up the prices:

- First of all, its quite difficult to know the cost of production with the data that has been given. There's no material cost, no specific exact number of consumptions. I can only calculate the cost based on the wages on the total amount of labor force from the percentage that has been given.
- There's no yearly or monthly revenue target. we were assuming the portion of the GDP is the total amount of goods that has to produce and sells to the market as a Target revenue.
- We have to determine our own revenues per product, we were using multiplier of the cost of production as our selling price for example:
  - If the cost of production is \$1 per products (ton or units), we have to determine how many multiplier shall we add as our selling price (for manufacturing, our country multiplier is 5x). So the selling price will be \$5.
- We have to predict, whether our prices is to low or too high. We have to stay in the middle because if the price is too low, we will facing a deficit of our yearly revenue and will not be balance with the cost of production. We have to keep it in mind that we still have cost of production even its just a labor's wages.
- We do have competitors, we have to take as many order as possible from other countries. Therefore, we have to set a good price for them to buy their needs from us.
- We were having difficulties for deciding our strategy, because all the strategy has a specials disadvantages that we have to take care of.

1. The difficulties we were facing when trying to set our prices was that the problem in in the cost. Before finding out price we need to find the cost of the production first. In the data that was given, there was only wages, also we do not have a target other than GDP. We have to be

consistent in taking benefits(profits). We cannot use normal margin. We have to use margin in terms of multiplier. We also have to be careful of competitors because our pricing should not be more expensive than our competition and we should also not set the price too low or else will lose.

The difficult is, I think my group confused how to measure and calculate the price to find the right nominal to be trade with the other country. But we still manage to do it well