

BUF 2255  
SPRING 2021

BLOGS:

**BLOG#1:**

Hello Dear classmates,

My name is Nargiza and I'm very serious about my education and my career path, therefore I try my best to stay on top of my school work and responsibilities. I always make sure that my work is completed on time. I have plans and dreams that I want to become true. I'm attending City tech and majoring in Business and technology of fashion because I'm interested in fashion that is involved in business. So I try my best so that I fulfill my plans. When it comes to group work, I always like to be the one to plan things out and work on all the parts of the project as a group collaborating with each other rather than just splitting the project and working on it individually without collaboration with each other. I also like to help one another to finish the project earlier before the deadline so there will be a time to go over it. Since we have to do group research I'm hoping to be with group members that are hard working and collaborative. I'm excited to meet you guys.

**BLOG#3:**

**In Blog Three this week we are Controlling Expenses. In 225 words, which plan of action would you choose as Store Manager for the following scenario?**

**The housewares department in a specialty store had net sales of \$1,500,000.**

**The direct expenses during the period under consideration were:**

<b>Buying salaries</b>	<b>\$125,000</b>
<b>Selling salaries</b>	<b>275,000</b>
<b>Advertising</b>	<b>90,000</b>
<b>Receiving &amp; marking</b>	<b>15,000</b>
<b>Wrapping &amp; Packing</b>	<b>10,000</b>

**The gross margin achieved during this time was 34.0%. after reviewing this performance, management decided that expenses must be reduced. The manager was given the choice of either reducing the advertising budget to a maximum of \$50,000 or eliminating a salesperson which would reduce selling salaries by \$50,000.**

**YOUR BLOG: Which plan of action would you choose? Why? Explore the two options mathematically, and then state your choice. Justify your decision. Discuss the impact your strategy will have on net profit.**

As a store Manager I would choose to eliminate a salesperson which would reduce selling salaries by \$50,000. Because based on the calculations that I have made, it's clear that eliminating a sales person is more beneficial than reducing advertisement budget for many

different reasons. First reason: when eliminating a salesperson, net less would be less than the case1(reducing the advertising budget). Second reason: Total expenses would be \$465,500.00 s or 31%, resulting in an improved profit 34% Gross margin – 31% = 3% Net profit. Third reason: reducing the advertising budget is not beneficial because if the advertising budget is reduced, there will be less advertisements. Possibility of sales loss with less advertising exposure. Have to make advertising more effective and productive. So all this shows that case one would be more beneficial than Case two.

**CASE 1:when advertising budget is reduced-**

Gross Margin(on cost) :  $1000000 * 48 / 148 = \$324324$

Less: wrapping & packing \$10000

Receiving and making \$15000

Buying salaries \$125000 = \$150000

\$174324

Less:Selling salaries \$275000

Advertising \$50000 \$325000

Net loss \$150676

**CASE 2:when a salesperson is eliminated-**

Gross Margin(on cost) :  $1000000 * 48 / 148 = \$324324$

Less: wrapping & packing \$10000

Receiving and making \$15000

Buying salaries \$125000 = \$150000

\$174324

Less: Selling salaries \$225000

Advertising \$90000 \$315000

Net loss \$140676

**Blog #4:**

In 250 words, research and define the Robinson-Patman Act:

\*What 3 acts of defense does the Robinson-Patman Act provide a seller charged with price discrimination?

\*What is Predatory Pricing?

You **do not** have to respond to a Classmate's Blog on this week's entry.

The Robinson-Patman Act is a federal law passed in 1936 on legal price discrimination. The Robinson-Patman Act is part of the antitrust laws. The law does not allow distributors to charge different prices from different retail stores. This act applies only to interstate trade and includes a certain privilege for "cooperative associations." It's the law that has widely been criticized by economists and scholars on various grounds. Under the Robinson Patman act it is illegal to give a price discount on goods sold to another business.

Three acts defending Robinson-Patman law. First one is pricing depends on the cost of production or delivery by an independent vendor, is a federal law intended to prevent price discrimination. Second one is the price has the right to match the offer of the competitor Third one is the meeting competition defense. Third one is changing conditions such as shifts in the market.

Predatory pricing is a method in which a firm cuts the price and takes a loss in order to discourage competition. It is a barrier to entry for potential new competitors. Once the competition decreases, then monopolists are free to raise the prices. If predatory pricing leads to increase in monopoly power, then it leads to higher prices in the long term and harms the public interest.