

Pretend you are the CEO of a company that produces and sells steaks directly to consumers in a grocery store. Each student will first need to access the Google-Drive-Spreadsheet at the link:

<https://docs.google.com/spreadsheets/ccc?key=0AmBWU5LePw3PdEZmSGpneWJITmlsMFIzenU3N3IyR0E&usp=sharing>

(A) Each student should go to the spreadsheet and enter the maximum premium they would pay for Guaranteed Tender beef (described in the article at <http://seeds.okstate.edu/SeedsPPP/CN,1/TenderBeef/TenderBeefArticle.pdf>). Enter this number next to your Student ID for this class. These premiums are referred to a consumers' *willingness-to-pay (WTP)* as it represents the maximum premium each person will pay.

(B) In the table below are different hypothetical premiums (Column A) you, the CEO of this company, could charge for your Guaranteed Tender (GT) steaks. In Column B, use the '=COUNTIF(.)' formula to determine how many classmates would buy GT steaks at that premium.

(C) Convert that number to a percent of classmates in Column C. Assume that 1,000 people go to the grocery store to buy steaks, and the sample of WTP's from this class is representative of these grocery shoppers. How many of these 1,000 consumers would purchase the steak at each hypothetical premium (answer in Column D)?

(D) The article on GT beef says that it costs only about \$0.07 per pound more to produce GT steaks than regular steaks of an identical grade. For each hypothetical premium, calculate the profits the company would earn from making available GT steaks available to these 1,000 people (answer in Column E).

(E) What premium would maximum profits?

Column A	Column B	Column C	Column D	Column E
Hypothetical Premiums for GT Steaks (per steak)	Number of Classmates Who Would Buy at this Premium	Percent of Classmates Who Would Buy at this Premium	# of Shoppers (out of 1,000) Who Would Buy at this Premium	Estimated Profits at Each Premium
\$0				
\$0.50				
\$1.00				
\$1.50				
\$2.00				
\$3.00				
\$4.00				
\$5.00				
\$6.00				
\$8.00				
\$10.00				