

TurboTummy manufactures and sells an exercise mat. The mat is sold via 30-minute televised commercials that run on periodic Saturdays. Below are typical results for a Saturday campaign, assuming 2,750 units were actually sold. However, volume has been known to fluctuate from 2,500 to 4,000 units. Prepare a flexible budget scenario, assuming volumes of 2,500, 3,000, 3,500, and 4,000 units. If Turbo Tummy wants to at least cover costs at volumes of 3,000 units and above, what is the minimum selling price per mat?

TurboTummy
Expense Report
For a Typical Campaign Selling 2,750 Units

Variable expenses:		
TurboTummy mat	\$	55,000
Shipping and handling		8,250
Toll-free phone		2,750
Credit card fees		5,500
Miscellaneous items		<u>11,000</u>
Total variable expenses	\$	<u>82,500</u>
Fixed expenses		
TV commercial	\$	45,000
Actors and models		5,000
Studio rental		<u>15,000</u>
Total fixed expenses	\$	<u>65,000</u>
Total expenses	\$	<u>147,500</u>