

11-2 Travel Costs: Different Perspectives





Skill 2

| | Day 1 | Day 2 | Day3 | Total | Avg |
|---------|-------|---------|---------|-------|-----|
| Food | \$38 | \$59.85 | \$39.15 | | |
| Lodging | 99 | 99 | 99 | | |
| Car | 20 | 20 | 20 | | |
| Gifts | 10 | 0 | 30 | | |
| Total | | | | | |

How much should they budget for the entire trip?



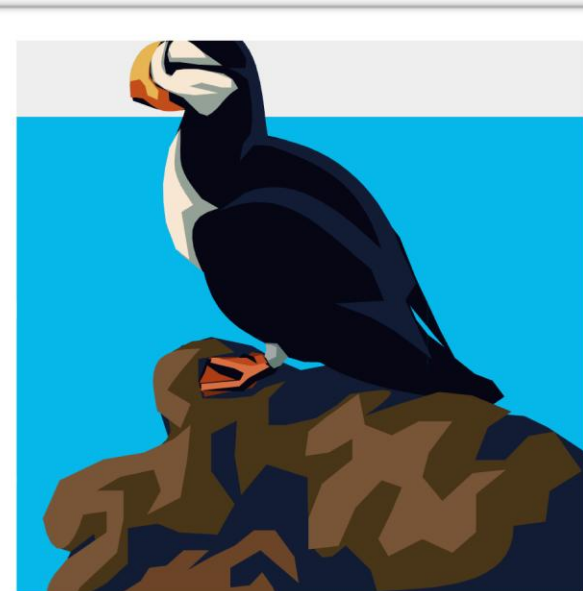
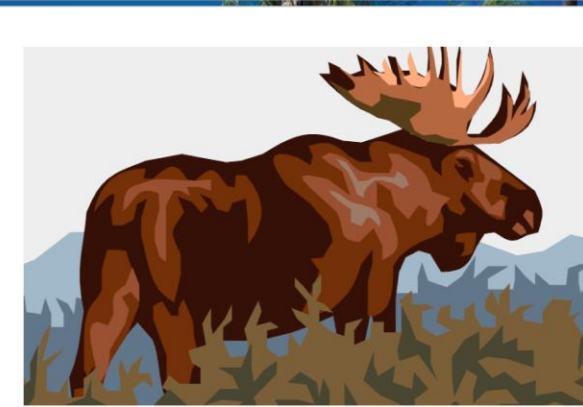
- $r = sn$
- $c = un + f$
- $p = r - c$





Example 1

- A travel agency finds that a trip to Alaska has a fixed cost of \$5000, and the cost per person is \$75. They charge each customer \$525.
- What is the number of people they need to come on the trip in order to break even?
- Algebraically?
- Graphically?



Example 2

- A travel agency advertises a trip to Cabo for \$1800. The fixed costs of the trip are \$11,000, and the cost per person is \$300.
- How many people need to go to Spring Break in order for the company to break even?



Following are the monthly fixed expenses for Peyton Travel:

Office rent: \$3,000.00

Utilities 110.00

Telephone 520.00

Reservation Service Fees 380.00

Travel Agent Salary 1,400.00

Variable expenses include the following:

Supplies and Postage \$4.42 per ticket

- a) If the average sales price of a ticket is \$660.00; how many tickets must be sold to reach break-even?

- b) Assume the average sales price decreases to \$440.00 per ticket. Compute Peyton Travel's new break-even point in tickets sold. How does this compare to your answer in part a)



Weekend exit Ticket

- Write down one question you have about travel expenses.



Homework

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