

## In-Class Exercise

**\*This practice question is taken from the Midterm Exam 2012**

1. Consider the below mobile internet plans offered by Vodafone(UK). Use graphical representation to explain this type of pricing. Explain what type of consumers would choose plan A, what type of consumers would choose plan B. Explain how firms can make more profits from doing this. Along with graphs, please describe your answer in words as well.

<b>Mobile Internet Plans*</b>	<b>Pricing</b>
Plan A: Pay as you browse	<p>Pay as you browse costs just £1 for a day - and you only pay on the days you want to browse.</p> <p><b>No commitment</b> <b>£1 for a day</b></p> <p>Your £1 buys you 25MB maximum usage/ day, which is enough to watch a couple of YouTube clips, read up to 90 BBC News stories, and read and reply to around 100 emails.</p>
Plan B: Monthly plan	<p>A web pack costs £5 for 30 days.</p> <p><b>Fixed cost</b> <b>£5.00 per 30 days</b></p> <p>You get 250MB maximum usage/30 days, which is enough to read and reply to a whopping 5,000 emails, download 12 Google maps and read 4,000 BBC News stories during your 30 days.</p>

\*These offers are real and are obtained directly from [www.vodafone.co.uk](http://www.vodafone.co.uk) on 26/Sep/2012