

Expected Value Analysis

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With the launch of your own new product or service, conduct some additional research on general prices for similar products or services in this market. Create hypothetical values to conduct an Expected Value Analysis:

FORMULA: (REVENUE – COST) × PROBABILITY = EXPECTED VALUE

1. What would the expected value be for launching your product/service immediately in the existing market?

REVENUE	
COST	
PROBABILITY	
EXPECTED VALUE	

2. What would the expected value be for launching your product/service in two years in the existing market?

REVENUE	
COST	
PROBABILITY	
EXPECTED VALUE	

3. What would the expected value be for launching your product/service immediately in a new market?

REVENUE	
COST	
PROBABILITY	
EXPECTED VALUE	

4. What would the expected value be for not launching your product/service?

REVENUE	
COST	
PROBABILITY	
EXPECTED VALUE	