

## TOPIC: COST BEHAVIOR

### Cost Structure

- ♦ Cost Structure describes the \_\_\_\_\_ of **fixed**, **variable**, and **mixed costs**.
  - Companies with different cost structures pursue different \_\_\_\_\_.

#### Movie Theater



- Most costs are \_\_\_\_\_.
- Ticket prices are constant for all films.
- Discounts during low demand periods.

#### Restaurant



- Most costs are \_\_\_\_\_.
- Prices vary depending on product cost.
- Reduce costs during low demand periods.

## PRACTICE

Which of the following pieces of data would be useful in determining the business' cost structure?

- The business spends \$50 per unit of output.
- The business uses absorption costing.
- The business' costs are 30% fixed costs.
- None of the above.