

Chapter 26 Pricing Strategies

Section 26.1 Basic Pricing Policies

Review Key Concepts

1. Markup is used primarily by wholesalers and retailers who are involved in acquiring goods for resale.
2. Manufacturers will often do research to determine the price the final consumer is willing to pay for an item. That price becomes the manufacturer's suggested retail price (list price) from which the company expects wholesalers and retailers to take their customary markups. Customary markups are well known in each industry.
3. The advantages of using a one-price policy are that they offer consistency and reliability, which allows retailers to estimate sales and profit because they know the set price.

Practice Academics

English Language Arts

4. Accept all reasonable responses. Some students like to haggle over a price because they enjoy the challenge, while others may not like to haggle. They might find a flexible pricing policy to be intimidating and uncomfortable.

Mathematics

5. $\$144 (300 - [300 \times 0.4] - [300 - (300 \times .4)] \times 0.2)$