

Chapter 27 Pricing Math

Section 27.1 Calculating Prices

Review Key Concepts

1. Retailers prefer markup percent based on retail price because the markup on retail price sounds like a smaller amount and makes the price seem more reasonable to the consumer. Future markdowns and discounts are calculated on a retail basis. Profits are generally calculated on sales revenue.
2. The markup equivalents chart is used to calculate retail prices when you know the cost and you know the percent of markup you want based on retail price.
3. When no markdowns are taken, the initial markup and maintained markup are the same.

Practice Academics

English Language Arts

4. An income statement is affected by retail pricing because the higher the markup percentage, the greater the sales revenue, which affects both the gross profit (profit before expenses) and the net profit (profit after expenses). For example, if markup based on retail is increased by 10 percent, sales revenues will increase by 10 percent. If cost and expenses remain the same, net profit also will increase by 10 percent.

Mathematics

5. \$70 ($45 + 25$)