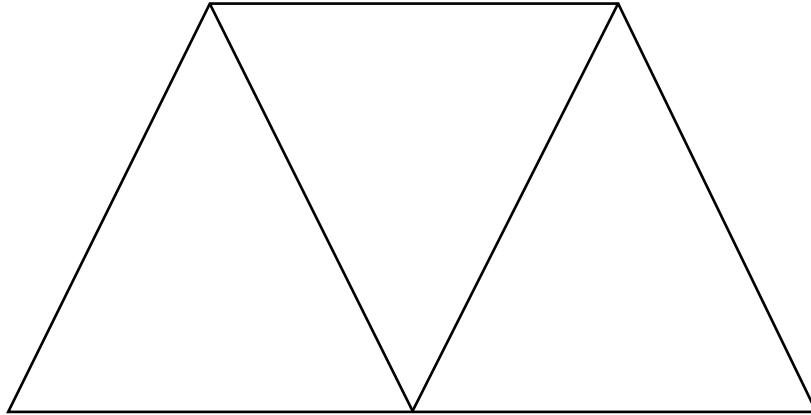# Chapter 27 Pricing Math

## Goals of Pricing

**Directions** Use this graphic organizer to review the three main goals of pricing.
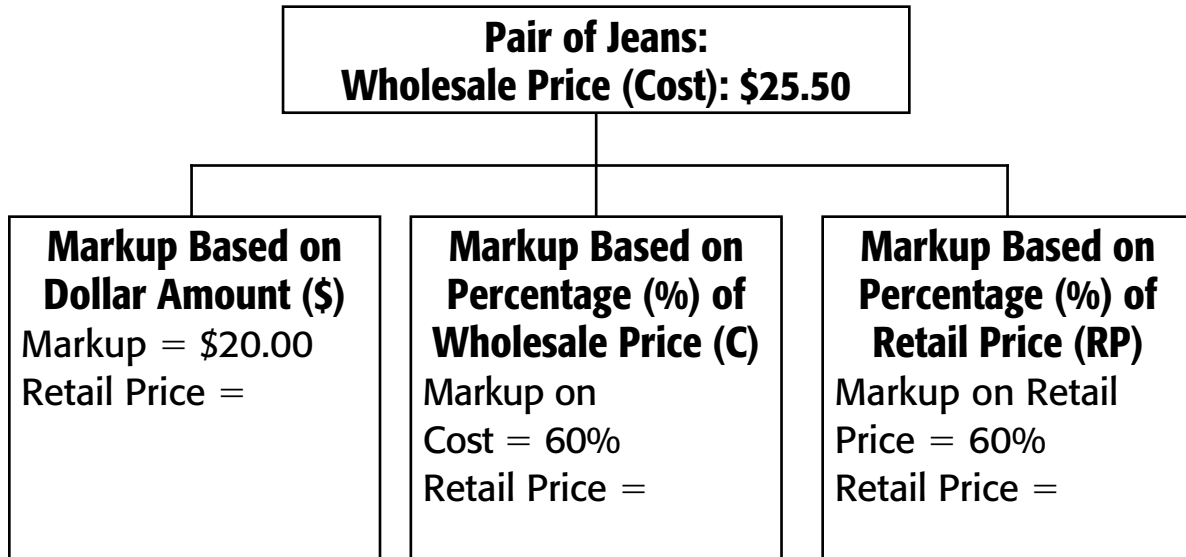
## Goals of Pricing

# Chapter 27 Pricing Math
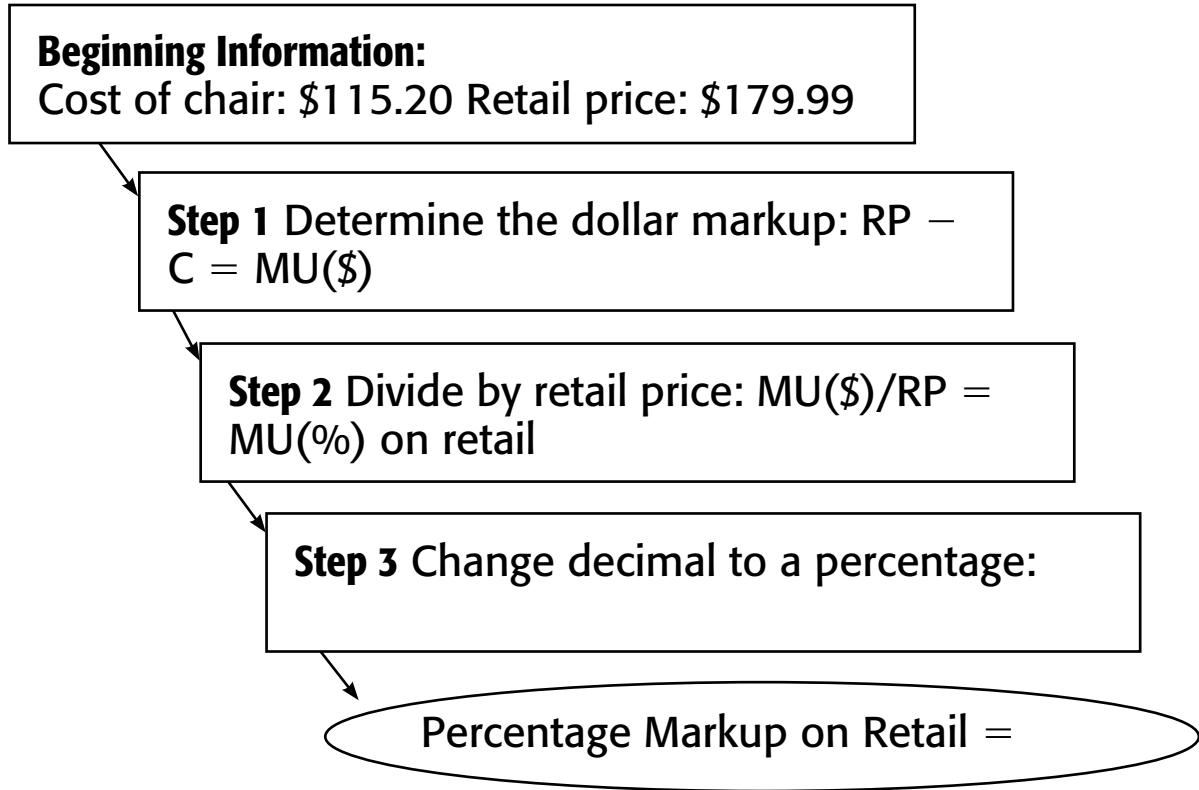
## Three Basic Ways to Perform Markup

**Directions**  Use this graphic organizer to analyze how different methods of performing markups affect retail price.

| **Pair of Jeans: Wholesale Price (Cost): $25.50** | | |
|---|---|---|
| **Markup Based on Dollar Amount ($)**<br>Markup = $20.00<br>Retail Price = | **Markup Based on Percentage (%) of Wholesale Price (C)**<br>Markup on Cost = 60%<br>Retail Price = | **Markup Based on Percentage (%) of Retail Price (RP)**<br>Markup on Retail Price = 60%<br>Retail Price = |

# Chapter 27 Pricing Math

## Calculating Percentage Markup on Retail

**Directions** Use this graphic organizer to calculate percentage markup on retail.

**Beginning Information:**
Cost of chair: $115.20 Retail price: $179.99

**Step 1** Determine the dollar markup: RP −
C = MU($)

**Step 2** Divide by retail price: MU($)/RP =
MU(%) on retail

**Step 3** Change decimal to a percentage:

Percentage Markup on Retail =

# Chapter 27 Pricing Math

## Calculating Percentage Markup on Cost

**Directions**  Use this graphic organizer to calculate percentage markup on cost.

**Beginning Information:**
Cost of chair: $115.20
Retail price: $179.99

**Step 1**
Determine the dollar markup:
RP − C = MU($)

**Step 2**
Divide by retail price to change dollar markup to percentage markup:
MU($)/RP = MU(%) on cost

**Step 3**
Change decimal to a percentage:

Percentage Markup on Cost =

# Chapter 27 Pricing Math

## Cost Method of Pricing

**Directions** Use this graphic organizer to demonstrate the cost method of pricing.

**Beginning Information:**
Cost of shampoo: $1.80
Markup on cost: 75%

**Step 1**
Determine the dollar markup on cost:
$C \times MP(\%) = MU(\$)$

**Step 2**
Add the dollar markup to the cost to get retail price
$C + MU(\$) = RP$

Retail Price
=

# Chapter 27 Pricing Math

**Converting Retail Markup to Cost Markup**

**Directions** Use this graphic organizer to demonstrate how to convert the markup on retail to the markup on cost and apply it to the cost of an item.

**Beginning Information:**
Cost of chair: $115.20
Retail markup: 37.5%

**Step 1**
Use the markup equivalents
table to get cost percentage:

**Step 2**
Calculate the dollar markup on cost:
$C \times MU(\%) = MU(\$)$

**Step 3**
Calculate the retail price:
$C + MU(\$) = RP$

Retail price
=

# Chapter 27 Pricing Math

## Another Method of Calculating Retail Price

**Directions** Use this graphic organizer to demonstrate how to calculate the retail price from the cost and the markup on retail.

**Beginning Information:**
Cost of chair: $115.20
Retail markup: 37.5%

**Step 1**
Subtract known retail markup from 100%:
RP(%) − MU(%) = C(%)

**Step 2**
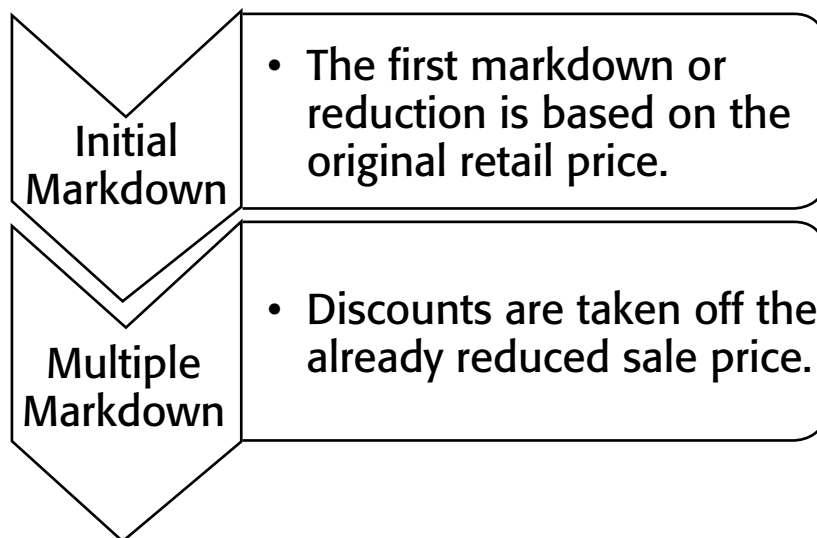Divide the cost by the decimal equivalent of the percentage:
C/C(%)/100 = RP

Retail Price
=

# Chapter 27 Pricing Math

## Lowering Prices

**Directions** Use this graphic organizer to lead a discussion about how product reductions are performed.
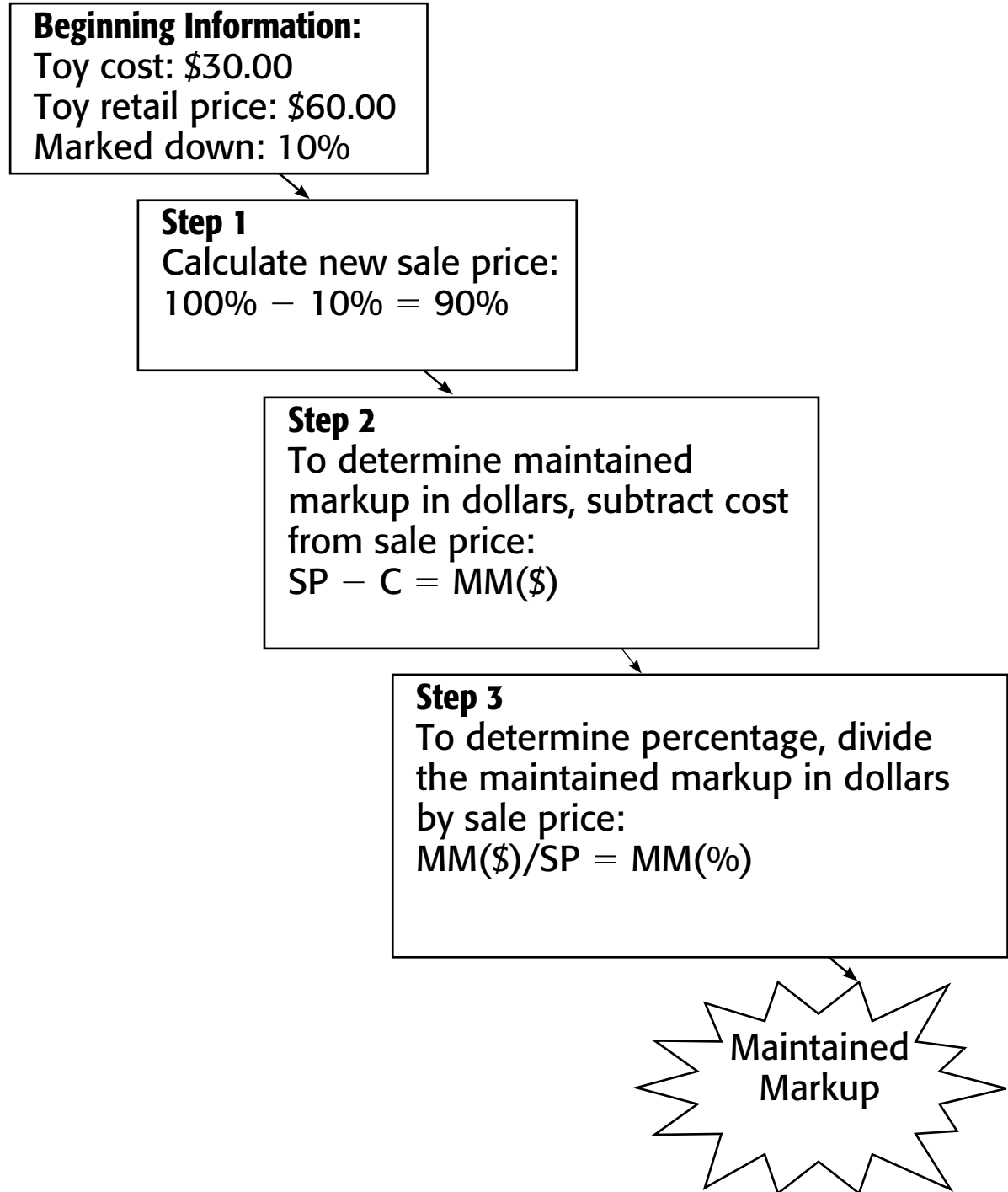
### LOWERING PRICES

| Initial Markdown | • The first markdown or reduction is based on the original retail price. |
| Multiple Markdown | • Discounts are taken off the already reduced sale price. |

# Chapter 27 Pricing Math

**Maintained Markup**

**Directions** Use this graphic organizer to illustrate the steps taken to determine maintained markup.

**Beginning Information:**
Toy cost: $30.00
Toy retail price: $60.00
Marked down: 10%

**Step 1**
Calculate new sale price:
100% − 10% = 90%

**Step 2**
To determine maintained markup in dollars, subtract cost from sale price:
SP − C = MM($)

**Step 3**
To determine percentage, divide the maintained markup in dollars by sale price:
MM($)/SP = MM(%)

Maintained Markup

# Chapter 27 Pricing Math

## Calculating a Discount

**Directions** Use this graphic organizer to demonstrate how to calculate a discount in dollars along with an item's net price.

**Beginning Information:**
Cost of pizza: $7.50
Discount: 15%

**Step 1 Determine dollar amount of discount:**
$P \times D(\%) = D(\$)$
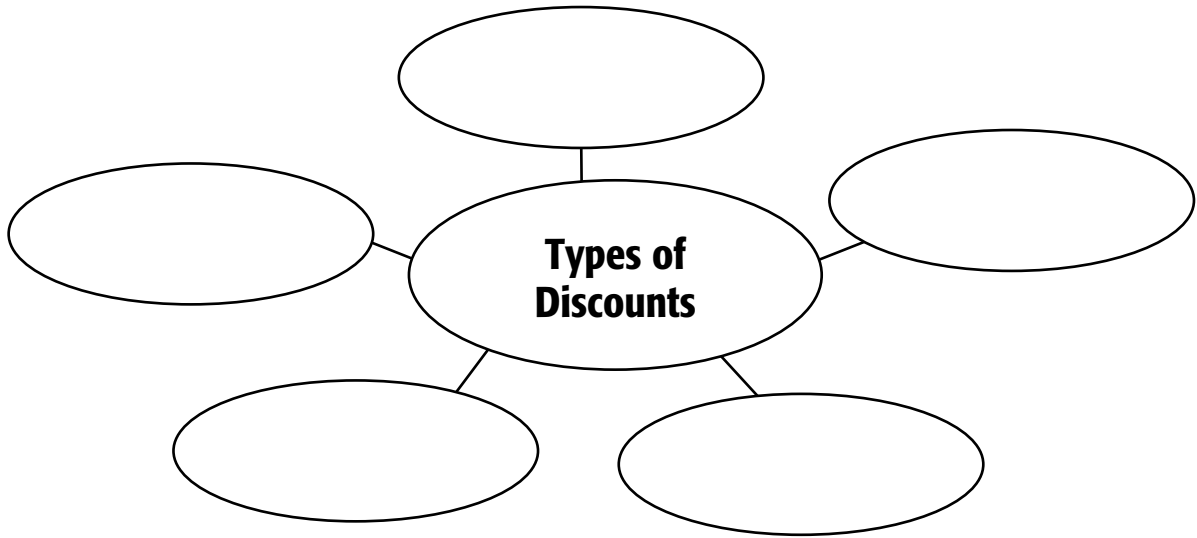
**Step 2 Determine net price after discount:**
$P - D(\$) = NP$

Discount =
Net Price =

# Chapter 27 Pricing Math

## Types of Discounts

**Directions** Use this graphic organizer to review various discounts offered by vendors.

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```

# Chapter 27 Pricing Math

## Calculating a Trade Discount

**Directions** Use this graphic organizer to show how to calculate a trade discount.

**Beginning Information:**
Invoice: $380.000
(wholesalers receive discounts of 45% and 15%)

**Step 1** Determine first dollar discount:
$P \times D(\%) = D(\$)$

**Step 2** Determine declining balance:
$P - D(\$) = DB$

**Step 3** Determine second dollar discount
$DB \times D(\%) = D(\$)$

**Step 4** Determine the net price:
$DB - D(\$) = NP(\$)$

Net Price =