

**THE PRICING PACKET-INTRO MARKETING****DETERMINING PRICE**

One of the most important keys to successful selling is pricing. Setting the right price for an item of merchandise improves sales and profits. Goods must be purchased which can be sold at competitive prices to customers while providing a profit to the store. In order to do this, the buyer must consider both the quality and the price of the merchandise. Retailers in the United States favor a one-price policy—the retailer sets one price on each item for all customers. Bargaining only exists in the form of trade-in allowances on such items as cars, televisions, expensive lawn and garden equipment, etc.

Retailers set prices to earn the biggest profit in the greatest number of sales in the least amount of time. Retailers such as discount houses try to make a large number of sales at a small profit while a specialty store retailer may try to make a smaller number of sales at a larger profit.

There are six factors to consider in setting prices: (1) desired profits; (2) customer appeal; (3) competition; (4) the nature of the goods; (5) prices customers are accustomed to paying; and (6) effects of inflation

**DESIRED PROFITS**-Every employee has a self-centered interest in helping the store make a profit. Employee salaries, rent, utilities, advertising, and supplies are store expenses. Expenses involved in providing customer services include delivery, gift wrapping, credit, alterations and installations, and free parking. Retailers must consider all these store expenses plus the cost of the merchandise and a fair profit (8%) in setting the price of merchandise. Retail price is figured as follows:

**Retail Price= Cost of Goods + Store Expenses + Profit**

Retail Price= \$6 + 30% of Cost + 8% Profit on Cost of Goods Sold

Retail Price= \$6 + \$1.80 + \$.48

Retail Price= \$8.28

If the cost of merchandise goes up but expenses stay the same and desired profit does not change, retailers must increase retail prices to maintain the same profit percentage.

## DETERMINING PRICE PROBLEMS

COMPUTE THE FOLLOWING RETAIL PRICES. **SHOWING YOUR WORK**

\_\_\_\_\_ 1. Cost of Goods \$8.00  
Store Expense of Cost 35%  
Profit 8%

\_\_\_\_\_ 4. Cost of Goods \$1,250.00  
Store Expense of Cost \$37.50  
Profit 10%

\_\_\_\_\_ 2. Cost of Goods \$4.50  
Store Expense of Cost 35%  
Profit 8%

\_\_\_\_\_ 5. Cost of Goods \$10,050.00  
Store Expense of Cost 40%  
Profit 8%

\_\_\_\_\_ 3. Cost of Goods \$150.00  
Store Expense of Cost 25%  
Profit 10%

### MARKUP

In establishing a retail price on merchandise, the retailer must make the price large enough to cover his/her expenses and earn a profit. At the same time, the price must also be made attractive to customers. The amount that a merchant adds to the cost price of merchandise in arriving at the retail price is called markup. This includes store expenses and profit. If a retailer buys a shirt for \$18.00 and sells it for \$20.00 what the retailer adds to the cost price (\$2.00) is the markup of the shirt. This markup is known as dollar markup because it is expressed in dollars.

Most of the time markups are looked at in terms of a percentage rather than a dollar-and-cents figure. With a percentage, it is easy to make a comparison of markups even though the prices on various items may be different. Once the dollar amount of markup is known, it is simple to convert this figure to a percentage. Markup may be expressed as a percentage of retail; it may be calculated by using this formula:

$$\boxed{\text{Markup Percentage ( MUR\% )} = \frac{\text{Markup in Dollars}}{\text{Retail Price}}}$$

If a merchant buys a pair of pants for \$15.00 and plans to sell them for \$22.00, then his/her markup is \$7.00 and the markup percentage is 32 percent.

If markup is to be expressed as a percentage of cost, it may be calculated by using this formula:

$$\boxed{\text{Markup Percentage (MUc)} = \frac{\text{Markup in Dollars}}{\text{Cost}}}$$

In the previous example, the markup on the pants--expressed as a percentage of cost--is 47 percent. Note that although the percentages differ, the amount of markup in dollars and cents is the same. Markups expressed as a percentage of retail price is the most common of the two methods used to calculate markups because profits and expenses are also figured in terms of retail sales. Thus, all the figures are in the same terms. These markup equations express the relationship of cost price, amount of markup, and retail price. For example, an item of merchandise selling for \$4.95 cost the retailer \$3.15. The markup is \$1.80 on cost (\$4.95-\$3.15= \$1.80).

### **MARKUP EQUATIONS**

$$\text{COST} + \text{MARKUP} = \text{RETAIL}$$

$$\text{COST} = \text{RETAIL} - \text{MARKUP}$$

$$\text{MARKUP} = \text{RETAIL} - \text{COST}$$



**All the same formula!**

$$\text{COST} \times \text{RATE OF MARKUP} = \text{MARKUP IN DOLLARS}$$

**Markup percent is different depending on whether it is based on cost or retail price.** The following formulas show how to calculate these percentages. The retail price is the same in both cases, but markup percent is different depending upon what markup is based--cost or price.

### **MARKUP BASED ON COST**

$$\text{Markup on Cost} = \frac{\text{MU in \$}}{\text{Cost in \$}}$$

$$\text{Markup on Cost} = \frac{\$3}{\$5}$$

$$\text{Markup on Cost} = .60 \text{ or } 60\%$$

$$\text{Cost Price} + \text{MU on Cost} = \$5 + 60\% \text{ of } \$5(\$3.00)$$

$$\text{Retail Price} = \$8$$

### **MARKUP BASED ON RETAIL PRICE**

$$\text{Markup on Retail Price} = \frac{\text{MU in \$}}{\text{RP in \$}}$$

$$\text{Markup on Retail Price} = \frac{\$3}{\$7}$$

$$\text{MU on RP} = .43 \text{ or } 43\%$$

$$\text{CP} + \text{MU on RP} = \$5 + 43\% \text{ of } \$7(\$3.01)$$

$$\text{RP} = \$8.01$$

## INITIAL AND MAINTAINED MARKUPS

The two types of markups commonly used in retailing are the initial markup and the maintained markup. Let us suppose that a man's hat costs a retailer \$8.00 and is priced to sell at \$12.00. The \$12.00 price is called the original retail-selling price. Later the hat may be reduced and sold at a price of \$8.95. The \$8.95 price is called the final sales price. The difference between the cost price and the original retail price is called the initial markup. The difference between the cost price and the final sales price is the maintained markup. The maintained markup must be high enough to pay expenses and to provide a profit. The initial markup must be higher to provide a faster rate of return for the company and also for any necessary price reductions.

Initial markups vary with the nature of the merchandise stocked and the type of store. For example, a specialty store may have initial markups of 50% or more because some of the goods will probably be marked down to sell. On the other hand, a discount store may set lower initial markups because they depend greatly on low prices to attract customers.

### PLANNING MARKUPS

In planning markups there are several things that the retailer must estimate:

1. Total sales for the coming year or season;
2. Expenses for that period;
3. Price reductions (markdowns, shortages, employee discounts, etc);
4. Profit goal for the period.

The formula for estimating the correct initial markup is as follows:

$$\boxed{\text{Initial markup}} = \frac{\text{Expenses} + \text{Profits} + \text{Price Reductions}}{\text{Sales} + \text{Price Reductions}}$$

Suppose that a retailer estimates annual sales at \$100,000, expenses at \$30,000 and price reductions at \$10,000 and he/she wishes to have a profit goal of \$5,000. The formula would then read:

$$\text{Initial Markup} = \frac{\$30,000 + \$5,000 + \$10,000}{\$100,000 + \$10,000} = \frac{\$45,000}{\$110,000} = 40.9\%$$

The dollar markup the retailer must have is the total of the expenses, profits, and reductions--\$45,000. The estimated sales of \$100,000 is the expected result after the reductions have been made. Thus, the estimated reductions of \$10,000 must be added to the sales (\$100,000) to find the total retail at which the goods must first be put onto stock (\$110,000). Finally \$45,000 is divided by \$110,000 to determine the markup as a percentage of the retail price. This retailer must have an initial markup of 40.9 percent.

## MARKUP PROBLEMS

COMPUTE THE FOLLOWING PROBLEMS SHOWING YOUR WORK

1. A scarf cost a store \$5 and the store sells it for \$7.50. What is the dollar markup?

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2. A store can purchase a supply of flowerpots at \$4.50 each and sell them for \$6.75 each. If the flowerpots are sold, what is the percentage of markup based on cost? What is the percentage of markup based on retail price? (2 different answers)

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3. An article that cost \$3.95 was sold for \$5. Find the dollar markup and the markup percentage based on selling price.

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4. A music dealer priced a piano bench that cost \$85 at a markup rate of 65% based on cost. How much was the marked selling price?

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5. A dealer paid \$224.50 for an electric stove and \$5.50 for the freight charge. What is the lowest price at which the stove should sell at a markup rate of 55% based on total cost?

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6. Find the markup and retail price in each of the following sales.

COST	% MU BASED ON COST	MARKUP	RETAIL PRICE
\$175.00	15%	_____	_____
\$60.00	10%	_____	_____
\$63.50	25%	_____	_____
\$425.00	20%	_____	_____
\$572.00	10%	_____	_____

7. The selling price of an article is \$180 and the cost is \$108. Find the dollar markup and the rate of markup based on cost.

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8. The selling price of an article is \$90. The cost price is \$67.50. Find the amount of markup in dollars and the rate of markup based on cost.

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9. Find the dollar markup and the markup percentage based on the cost of an item selling for \$14.56. Cost of the item to the buyer was \$10.40.

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10. An article cost \$24 and was sold for \$30. Find the dollar markup and rate of markup based on retail price.

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11. Taylor's Clothing Store sells a line of women's suits at \$110 each. If each suit costs \$71.50, what rate of markup does the store realize on the selling price?

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12. Sally's Shoes Shop is going to buy a quantity of shoes that will be sold for \$18.50 a pair. What is the highest price that Sally can pay for each pair in this line if the markup must be 38% of the selling price?

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13. Donald's markup rate for the Morley Suit Shop is 45% of the selling price. How much are the cost and the markup on a suit selling for \$98.96?

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14. Determine what selling price will yield a 40% markup on selling price (retail) on men's dress shirts when cost is \$12.00 each.

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15. What is the initial markup percentage for a retailer who estimates annual sales of \$150,000, expenses of \$35,000, and price reductions \$15,000? The retailer has a profit goal of \$8,000.

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## MARKDOWNS

Price reductions usually include markdowns, employee and customer discounts, and inventory shortages. Markdowns typically account for the greater part of price reductions. A price reduction of an item from the former retail price to a lower asking price, except discounts on special goods, is called a markdown. Markdowns can be an effective means of adjusting stock to customer demand and competition.

### CALCULATION OF MARKDOWNS

While retailers advertise markdowns to customers as a percentage off the original retail price, for their own internal use, retailers express them as a percentage of the final sales price of all goods sold during a period—a month, a quarter, or a year. The markdown percentage is calculated by using this formula:

$$\boxed{\text{Markdown Percentage}} = \frac{\text{Dollar Markdown MD\$}}{\text{Total Sales}}$$

For example, if 10 items originally priced at \$5.00 each are marked down to \$3.95 each, the markdown is \$10.50. If the total sales including the sales of the marked down goods during the period are \$100.00, the markdown is 10.5% of total sales. Retailers will also express markdown in terms of dollars and cents.

$$(\text{Sale Price} = \text{Original Retail Price} - \text{Markdown } \$)$$

**Total Dollar Markdown** *is the total dollar amount of the discount per item multiplied by the number of items being marked down.*

### REASONS FOR MARKDOWNS

There are two major reasons for markdowns: First to reduce prices on merchandise the consumers are not buying at the expected quantity or rate of sale; and, second, to stimulate the sale of the reduced item or of other regularly priced items during a special sale.

Three (3) types of errors cause most markdowns. The first is a result of buying mistakes. Merchandise may not sell at the regular price because too much was bought too late, it wasn't bought at the correct time, or the best sellers weren't purchased. Another frequently made error is in pricing. The retailer may overprice the good; as a result, they do not sell. Finally, errors often take place in the selling process. Sales staff may pressure people into buying things that they may later return. This type of merchandise is typically marked down. Also, salespeople may ignore goods in stock, which eventually age and must be marked down.

Unfavorable weather conditions are something over which the retailer has no control. Seasonal merchandise results in markdowns to remove excess inventory.

Markdowns may also result from store policy and not caused by error on anyone's part. Many times, goods are marked down for sales promotions or to make room for new stock. Some store managers put a large markup on merchandise followed by large markdowns to cater to bargain shoppers. Goods may also be marked down to compete with other competitors.

There are two important things to consider in markdowns. They are timing and the amount of the markdown. In timing markdowns, the markdowns may be taken several times within a selling season, or they may be taken late in the selling season in the form of a clearance sale.

There are several advantages to either plan of timing markdown. If markdowns are taken several times within a selling season, the store can generally achieve a smaller markdown per item. The goods marked down, while there is still some active demand for them, a small price reduction is generally enough to sell the items. Early markdowns generally reduce the selling expense of a particular selling item; selling the goods eliminates the excess storage expenses; and special personnel do not have to manage a clearance sale.

On the other hand, many stores prefer clearance sales held late in the season. Clearance sales do not interfere with the sale of regularly priced merchandise, as do markdowns offered several times within the selling season. The quantity of stock accumulated for markdown during a season can be promoted by advertising and is looked forward to by bargain seekers who may also buy some of the regularly priced merchandise.

In determining markdowns, the merchant must look at each particular item in each particular selling situation. Some stores, however, do have fixed markdown percentages and mark their goods down a certain percentage after the goods have been in stock for a certain period of time. This practice is called automatic markdown. When determining the *first* markdown, the merchant must be sure it is large enough to sell most of the items, which are being reduced in price. It is also important to have the markdown large enough to make the goods seem to be a bargain at the new price so customers will want to buy it.

### Discounts

Discounts are a very common and important process in business. A discount is a percent subtracted from the price of merchandise. Discounts on merchandise are normally given to employees of a business as a fringe benefit and to customers of a business as an incentive to increase sales volume.

If a store allows its employees a 10% discount on all purchases and an employee wants to purchase a \$10.00 item, the discount would \$1.00 and the selling price to the employee would be \$9.00. Sales tax is computed on the discount price, not the original selling price.

If a store is having a post-seasonal sale and is discounting everything 25%, what would be the discount and the selling price to a customer who buys three items at \$2.50, two items at \$7.95, and one item at \$20.00?  $\$7.50 + \$15.90 + 20.00 = \$44.40$ . A discount of 25% on \$44.40 is \$11.10, leaving a sale price of \$33.30.

Retailers try to discount their purchases from manufacturers and suppliers to save on the cost of merchandise, to pass the savings on to the consumer, and to earn a better profit.

There are three (3) types of discounts in business-trade, cash, and chain discounts.

#### **Cash Discounts**

An invoice, a bill for merchandise purchased, has a date on it. The time when an invoice is to be paid is usually computed from this date. A cash discount is offered to the purchasers as an inducement to pay before the due date of the invoice. The four (4) methods of dating for cash discount payments are: (1) regular dating; (2) extra dating; (3) advance dating; and (4) EOM dating.

#### Regular Dating

Regular dating states terms such as *2/10 net 30*. This means the purchaser can deduct two percent (2%) from the purchase price if paid within the first ten (10) days of the date of the invoice. Otherwise, the entire amount of the invoice is due within thirty (30) days.

#### Extra Dating

Extra dating simply gives the buyer an extended discount period. An invoice with *2/10 net 30 extra* on it means the buyer may take a two percent (2%) discount within ten (10) days of the date on the invoice plus an extra thirty (30) days or a total of forty (40) days in all in which to take advantage of the discount.



### Advance Dating

Advance dating is used to encourage the buyer to purchase merchandise early (such as seasonal merchandise) and pay for the purchase at a later date. Terms might read *2/10 January 1 net 90* for merchandise purchased in November. This means that buyer gets a two percent (2%) discount if payment is made by January 10 (10 days after the month and day given in terms on the invoice) buy must pay the full amount ninety (90) days after January 1.

### EOM Dating

EOM dating is a discount term stated *2/10 EOM, net 90*. It means the buyer can take a two percent (2%) discount within 10 days after the end of the month of an invoice date but must pay the full amount after ninety (90) days have elapsed. An invoice dated June 5<sup>th</sup> gives the buyer until July 10 to take advantage of the discount.

### **Trade Discounts**

Trade discounts are discounts given between businesses, such as between a retailer and a manufacturer or wholesaler. If a microwave normally sells for \$450.00 to retail customers, the manufacturer may offer the ovens to an appliance dealer at a trade discount of forty percent (40%). The retailers cost would be figured as follows:  $\$450.00 \times 40\% = \$180$  Discount.  $\$450 - \$180.00 = \$270$  retailer cost. **Trade discounts are consecutive, not cumulative.**

### **Chain Discounts**

A manufacturer sends their customers a catalog listing prices of merchandise, but buyers are permitted deductions from the list prices. A chain discount is two or more discounts from the list price. These discounts must be taken in turn with each discount being figured before moving to the next discount. The manufacturer's catalog price of a DVD player is \$175. However, the chain discount to retailers is 30%, and 20% respectively. The retailer would deduct 30% from the original price and 20% on the first discounted price to reach the final cost of the DVD player. It would work out to:  $\$175.00 \times 30\% = \$52.50$  first discount.  $\$175.00 - \$52.50 = \$122.50$  Then  $\$122.50 \times 20\% = \$24.50$  second discount.  $\$122.50 - 24.50 = 98.00$  cost to retailer.

### **Markdown Questions**

In the space provided, place a **TRUE** if the item is true or **FALSE** if the item is false.

1. \_\_\_\_\_ When retailers advertise markdowns to customers, the reductions are stated most often in terms of dollars saved rather than as a percentage off the regular price.
2. \_\_\_\_\_ The best policy in setting the amount of markdown is to take an initial markdown large enough to sell most of the items.
3. \_\_\_\_\_ All markdowns are caused by errors made in buying and pricing merchandise.
4. \_\_\_\_\_ Initially, some merchants deliberately overprice their merchandise to make it seem more attractive later at a reduced price.
5. \_\_\_\_\_ There are specific rules for determining the amounts of markdown.
6. \_\_\_\_\_ Meeting competition is a reason for marking down prices of products.
7. \_\_\_\_\_ Fashion merchandise should be marked down as soon as customer demand begins to drop.
8. \_\_\_\_\_ Reducing retail stock early in the season means that the store may reduce the selling expense of selling a particular item.

9. \_\_\_\_\_ Automatic markdown is a fixed markdown percentage taken after a fixed period of time.

10. \_\_\_\_\_ Snow skiing equipment would be significantly marked down in July.

### Markdown Problems

1. A flower vase has been priced to sell at \$20.00. You have been asked to reduce the price 30%.  
What is the dollar markdown? \_\_\_\_\_

What is the sale price? \_\_\_\_\_

2. At Miller's Music Shop, 50 guitar straps are marked down from \$3.00 to \$2.50.

What is the total markdown on the guitar straps? \_\_\_\_\_

Two weeks later, an additional markdown was taken to \$2.25 for the remaining 30 straps.

What is the total markdown to date? \_\_\_\_\_

3. Sales at Judy's Jewelry Store amounted to \$5000.00 for the month of February, and markdowns taken for the same period of time were \$250.00

What is the markdown percentage? \_\_\_\_\_

4. At Pat's Pets, 100 tropical fish were marked down from \$1.50 to \$1.35. One week later, the remaining 30 fish were marked down to \$1.00. Tropical fish sales to date amounted to \$500.00

a. What is the total dollar markdown on the first markdown? \_\_\_\_\_

b. What is the total dollar markdown of the second markdown? \_\_\_\_\_

c. What is the total markdown in dollars? \_\_\_\_\_

d. What is the total markdown percentage to date? \_\_\_\_\_

5. At Linens and Things, 150 flat twin size sheets and 150 twin size fitted sheets were marked down from \$4.50 to \$3.75.
- What is the total dollar markdown? \_\_\_\_\_
  - An additional markdown to \$3.50 was made a few weeks later on the remaining 100 sheets. What was the total markdown to date? \_\_\_\_\_
6. Sales of leather goods for a department store for one month were \$6,500. Markdowns for that month were \$390. What is the percent markdown? \_\_\_\_\_
7. Nellie's Novelty Shop marked down 90 gift items from \$4.25 to \$4.00. Later, 20 gift items remained and were marked down to \$3.50. Total sales for gift items amounted to \$450.
- What is the total dollar markdown on the first markdown? \_\_\_\_\_
  - What is the total dollar markdown on the second markdown? \_\_\_\_\_
  - What is the total markdown of all markdowns to date? \_\_\_\_\_
  - What is the total markdown percent to date? \_\_\_\_\_
8. A buyer decides to markdown 50 scarves that have been on the selling floor for more than six months. The buyer marks them down from \$5.00 to \$3.99.
- What is the total dollar markdown? \_\_\_\_\_
  - The buyer then marks down the 20 scarves that are left to \$1.99. What is the total dollar markdown on the second markdown? \_\_\_\_\_
  - The remaining 10 scarves are marked down from \$1.99 to \$.49. What is the total dollar markdown on the third markdown? \_\_\_\_\_
  - What is the total dollar markdown to date? \_\_\_\_\_
  - What is the markdown percentage if total sales to date have been \$1,349.50? \_\_\_\_\_

9. What is the markdown percent of \$10,000 in sales with \$600 in markdowns during that period? \_\_\_\_\_

10. A dress store decides to markdown 74 nonselling \$29.95 dresses to \$24.77.

- a. What is the total dollar amount of the first markdown? \_\_\_\_\_
- b. Two weeks later, the remaining 26 dresses are marked down to \$17.77. What is the total dollar amount of the second markdown? \_\_\_\_\_
- c. What is the total dollar markdown to date? \_\_\_\_\_
- d. What is the total markdown percent to date if total sales for the period were \$6,400?  
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### **Discount Problems**

1. Famous Barr received a shipment of clothing with an invoice dated September 8. The total amount of the invoice was \$1820 with terms 2/10 net 30.

- a. When is the total amount due? \_\_\_\_\_
- b. When would the invoice have to be paid in order to receive the discount? \_\_\_\_\_
- c. How much would be deducted if paid by that date? \_\_\_\_\_

2. The employees of Smith Jewelers receive a 10% discount on merchandise they buy from the store. Mary Jones, an employee, bought a watch retailing for \$59.00. How much would she have to pay for the watch?  
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3. Sander Hardware wants to order 10 chain saws listed in a manufacture's catalog. The retail price listed is \$190 for each with trade discounts of 20%, 10%, and 5%.

- a. What is the dealer price for 1 saw? \_\_\_\_\_
- b. How much would 10 saws cost? \_\_\_\_\_

4. Best Buy can buy TV's from several wholesalers. They want to buy 10 at the lowest price.

a. Wholesaler A sells Toshiba TV's, which retail for \$400 at a trade discount of 30% plus another 5% when 5 or more are purchased on one order. What would be the total cost?

b. Wholesaler B also offers the same Toshiba TV's. However, the discount is 25% and one free TV with the purchase of 9 sets. What would be the total cost?

c. Which wholesaler offers the best deal? \_\_\_\_\_

Determine the end of the discount period for invoices for which the terms are as follows:

a. 2/10, net 30; dated May 16 \_\_\_\_\_

b. 3/10, 90 extra; dated April 14 \_\_\_\_\_

c. 2/10 July 1, net 90; dated May 1 \_\_\_\_\_

d. 3/10 EOM, net 60; dated July 5 \_\_\_\_\_

**RATE OF STOCK TURNOVER**- refers to how many times the stock has been sold and restocked during a given period (usually one year). The calculation for this turnover is as follows:

<b>Rate of Stock Turnover</b>	=	$\frac{\text{Retail Sales for the period}}{\text{Average Stock at Retail Price for the period}}$
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If Capron’s Clothing Store had sales of \$150,000 during the year and the average inventory (calculated at selling price) was \$40,000 for the year, the turnover would be 3.75.

$\frac{\$150,000}{40,000}$	=3.75 turns
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It is important to note that turnover can be calculated at cost price or units sold as well as selling price. However, the most commonly used method is to use the selling price. If a department stocks an average of ten units of an item and annual sales are 100 units, the annual stock turnover is ten. The objective of sound merchandising is to keep working capital working—by operating with a minimum stock.

**PROMOTIONAL PRICING**- the right quantity for the most effective economic gain for the consumer. Examples of this are:

- Hosiery--\$1.95 per pair or 3 pairs for \$4.50
- Dishes—starter set for \$6.95 or service for 12 for \$17.95
- Chocolates--\$2.19 per pound or 2 pounds for \$4.10

Consideration by the buyer of all these points helps the buyer determine the right quantity of merchandise to purchase.

### **Determining Merchandise Turnover Problems**

*Calculate the following rates of stock turnover.*

1. Find the rate of stock turnover for Boland’s Bridal Business that had sales of \$100,000 for the year and the following monthly inventories

January 1	\$10,000	July 1	\$9,000
February 1	\$12,000	August 1	\$10,000
March 1	\$14,000	September 1	\$11,000
April 1	\$15,000	October 1	\$12,000
May 1	\$10,000	November 1	\$17,000
June 1	\$8,000	December 1	\$20,000
		December 31	\$8,000

2. Determine the rate of stock turnover for Morley's Mopeds. Annual sales totaled 180 units and an average of 30 mopeds are stocked

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3. Kali's Kayak Company totaled cost sales of \$78,000 for the past year. Average cost of monthly inventories for the year was \$9,750. What was Kali's rate of stock turnover?

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