Name	 		 	
Price Unit				

Markup

Learning Target: I can calculate markup.

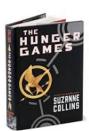
Markup

- Difference between product's cost and price
- Expressed as %
- Example:

Book costs \$10 Markup 40%

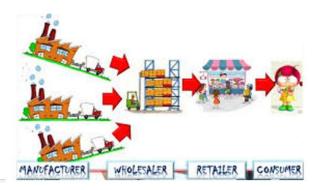
40% of \$10 = \$4

Price \$10 (cost) + \$4 (markup) = \$14



Manufacturers Suggested Retail Price (MSRP)

- Manufacturers must set prices to cover their costs
- Manufacturers must consider retail prices and work backwards



CALCULATING THE WHOLESALE F	PRICE
Manufacturer's suggested retail price (MSRP)	\$100
Retailer's markup (40% of retail price)	<u>- \$40</u>
Wholesaler's price to retailer (subtract markup from MSRP)	= \$60
Wholesaler's markup (20% of wholesale price)	<u>- \$12</u>
Manufacturer's price to wholesaler * (subtract wholesaler's markup from wholesaler's price)	= \$48
* This amount must cover costs, expenses, and profit	

Practice

1.	Games R Us has create a new 3-D video game, called Visual Combat. The suggested retail price is
	\$100. If the trade discounts are 25% for retailers and 10% for wholesalers, the wholesalers
	would pay how much for each game?

MSRP	\$
Retailer's Markup	\$
Wholesaler's Price to Retailer	\$
Wholesaler's Markup	\$
Manufacturer's Price to Wholesaler	\$ A STATE OF THE PARTY OF THE PAR

2. Tropical Smoothies is introducing a new smoothie Mango Mush. The suggested retail price for a 5 gallon mix is \$60. If the trade discounts are 30% for retailers and 20% for wholesalers, the wholesalers would pay how much for each 5 gallon mix?

MSRP	\$
Retailer's Markup	\$ 1 76-D
Wholesaler's Price to Retailer	\$
Wholesaler's Markup	\$ The line
Manufacturer's Price to Wholesaler	\$

CALCULATING THE RETAIL PRICE			
Cost of producing the item	\$40		
Manufacturer's expenses and intended profit (20% of cost)	<u>– \$8</u>		
Manufacturer's price to wholesaler (Cost plus expenses and intended profit margin)	= \$48		
Wholesaler's markup (25% of price wholesaler paid for item)	<u>+ \$12</u>		
Wholesaler's price to retailer (Price to wholesaler + markup)	= \$60		
Retailer's markup (66.67% based on price paid to wholesaler)	<u>+ \$40</u>		
Retailer's base price to consumer	= \$100		