

## Introduction to Business

### Markup on Pricing

Markup on Cost uses the cost of an item to determine the Markup \$, Markup Rate (%) and Retail Price (RP).

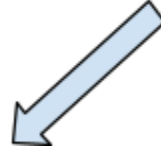
#### Formulas

**Cost (C) + Markup \$ = Retail Price (RP)**  
**Cost X (100% + Markup %) = Retail Price (RP)**  
**Retail Price - Cost = Markup \$ (MU\$)**  
**Cost X Markup % = Markup \$**  
**Markup \$ / Cost = Markup % (MU%)**



You know 2 different options, find the equation to the left that will allow you to calculate what you are looking for below. Example (you know Cost & MU%)

Cost X MU% = MU\$



1. Calculate the Markup \$ and Retail Price for the following.

Item	Cost	MU%	MU \$	Retail Price
Baseball	\$15	75%	\$	\$
Socks	\$5	60%	\$	\$
Coat	\$55	100%	\$	\$
Sweatshirt	\$30	66.66%	\$	\$
Nintendo	\$150	80%	\$	\$

2. An item that costs \$15 and sells for \$22.50.

What is the Markup \$?	
What is the markup rate (%)?	

3. A business buys an item for \$150 and sells it for \$187.50.

What is the Retail Price?	
What is the Markup Rate (MU%)?	

4. Markup on cost is 70% and the Retail Price is \$19,55.

What is the cost?	
What is the Markup \$?	

Number	Question	Answer
5	If an item costs \$5.25 and retails for \$9.75, what is the markup rate?	MU% =
6	Target pays \$300 for a desk that they wish to sell for 55% markup. What is the Retail Price?	RP =
7	A new pair of reef flip flops cost \$20, with a markup of 35%, what is the retail price?	RP =
8	Towels, costing the business \$6.99, were priced to sell \$12.99. What was the markup on those towels?	MU% =
9	Macy's buys a wallet for \$7.50 and sells it for \$16. What is the markup \$ and the markup %?	MU\$ = MU% =
10	The student store purchases Gatorade for \$15 for a 30 pack. What is the cost per bottle? If they retail for \$1.50, what is the Markup %?	MU% =

#### CANDY STORE PROFIT CASE STUDY:

As manager of the Bronco Candy Shop, you're putting together a price list for your store's homemade confectionery. These are the items you're offering, followed by the cost of the materials involved in making each piece:

Item	Cost	Retail Price
English Toffee	\$0.12	\$1.25
Caramel	\$0.05	\$0.75
Chocolate-Covered Raspberries	\$0.35	\$1.70
Chocolate-Covered Strawberries	\$0.25	\$2.50

If you sell 1,000 of each item in a given month, and have fixed expenses for that month of \$3,000, what would your net profit be? Use the spreadsheet below to help you calculate your Net Profit:

Item	Total Sales	Total Cost	Profit
English Toffee			
Caramel			
Chocolate Raspberries			
Chocolate Strawberries			
		Gross Profit =	
		Fixed Expenses	- \$3,000
		Net Profit =	

