CHAPTER 8
ACTIVITY

Computing Discounts

OBJECTIVE

The purpose of this activity is for students to learn how to compute discounts and distinguish between retail and wholesale price.

Teacher Directions

Hand out the student activity sheet. Students will need calculators to complete this activity.

Review the information on markup, retail and wholesale prices. Then review how to compute discounts and markups before students complete the math problems. See examples below.

- Markup Percentage = (Retail – Wholesale) x 100 ÷ wholesale
  $.39 stamp increased to $.42. What is the markup percentage?
  (42-39) x 100= 300 300 ÷ 39 = 7.69 = 7.7% markup

- Discounted Percentage = (Original Price – Sale Price) x 100 ÷ Original Price
  $10.99 shirt sells for $6.99 what is the discount percentage?
  (10.99-6.99) x 100 = 400 400 ÷ 10.99 = 36.39 = 36% discount

Answers

Part 1

T-shirt	$2.99	$9.99	234%
Jeans	$19.50	$42.90	120%
Book	$1.49	$8.99	503%
Television	$399.00	$662.34	66%
Couch	$279.80	$1,399.00	400%
Soft drink	$.50	$.79	58%

Part 2

1. The markup is the difference between retail and wholesale. $34.99-$12 = $22.99
2. The discount is $10. The discount percentage is 40%.
3. Retail = 350% x $.99 = $3.47 add to original price $.99 + $3.47 = $4.46

Name_____

Date_____

COMPUTING DISCOUNTS

When purchasing items at a store, you pay more for the item than the retailer did, so the retailer makes a profit. The retailer purchases the item at wholesale and sells it at retail price. The difference between the wholesale price and retail price is called the markup. Oftentimes, sales are advertised as discount percentages such as 50% off, which represent the percent by which the price is decreased. The markup percentage is the percent by which the price is increased by the retailer.

Examples

- Markup Percentage = (Retail – Wholesale) x 100 ÷ Wholesale
  $.39 stamp increased to $.42. What is the markup percentage?
  (42-39) x 100= 300 300 ÷ 39 = 7.69 = 7.7% markup
- Discounted Percentage = (Original Price – Sale Price) x 100 ÷ Original Price
  $10.99 shirt sells for $6.99 what is the discount percentage?
  (10.99-6.99) x 100 = 400 400 ÷ 10.99 = 36.39 = 36% discount

Part 1: Complete the chart below.

Item	Wholesale	Retail	Markup Percentage
T-shirt	$2.99	$9.99	_____
Jeans	$19.50	_____	120%
Book	$1.49	$8.99	_____
Television	$399.00	_____	66%
Couch	$279.80	$1,399.00	_____
Soft drink	$.50	$.79	_____

Part 2: Answer the questions below.

As the manager of MY STORE clothing chain at the mall, you send a weekly report to the corporate office. You ask your employees, Amie and Ron, to assist you. Did they calculate correctly? If not fix their errors.

1. MY STORE bought sweaters at a wholesale price of $12 and sold them for $34.99. Ron says the markup is $46.99.

2. MY STORE is selling $25 jeans for $15. What is the discount amount and the discount percentage? Amie says the discount is $10 and the percentage discount is 60%.

3. The markup on MY STORE socks was 350%. Wholesale was $.99. What is retail? Amie says $3.47.