

## 2.2 Markup & Discount

- ▶ Find the markup on an item.
- ▶ Find the discount on an item.
- ▶ Find the final price after multiple discounts.

### Finding the Markup on an Item

**Markup** is the difference between the retail price and the price the retailer pays for the item, or wholesale price.

#### Finding a Markup

The markup on an item is the difference between the retail price and the wholesale price.

$$\text{Markup} = \text{retail price} - \text{wholesale price}$$

To find the **markup percent**, divide the markup by the wholesale price.

$$\text{Markup percent} = \frac{\text{markup}}{\text{wholesale price}}$$

In fairness to retailers, you should remember that markup is the only way for a retailer to make a profit. Markup is not equal to profit. Out of the markup, a retailer has to pay for rent, utilities, taxes, salaries, benefits, and other business expenses.



#### EXAMPLE 1 Finding a Markup Percent

Markup percents vary greatly. Prescription drugs and jewelry tend to have high markup percents. Grocery items and everyday clothing tend to have low markup percents. Find the markup percent for each item.

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|---|--|
| <p><b>a.</b> Pair of earrings</p> <p>Wholesale price: \$89.00</p> <p>Retail price: \$459.00</p> | <p><b>b.</b> Pair of athletic socks</p> <p>Wholesale price: \$1.13</p> <p>Retail price: \$1.69</p> |
|---|--|

#### SOLUTION

$$\begin{aligned} \text{a. } \frac{459 - 89}{89} &= \frac{370}{89} \\ &\approx 4.157 \\ &\approx 416\% \end{aligned}$$

$$\begin{aligned} \text{b. } \frac{1.69 - 1.13}{1.13} &= \frac{0.56}{1.13} \\ &\approx 0.496 \\ &\approx 50\% \end{aligned}$$



#### ✓ Checkpoint

Find the markup percent for each item.

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|--|---|
| <p><b>c.</b> Automobile</p> <p>Wholesale price: \$25,450</p> <p>Retail price: \$27,990</p> | <p><b>d.</b> Leather chair</p> <p>Wholesale price: \$235</p> <p>Retail price: \$799</p> |
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