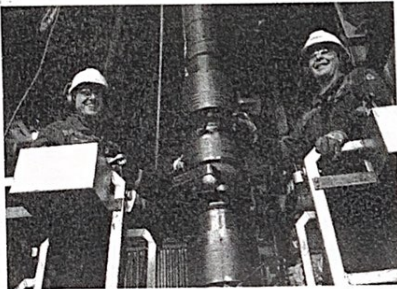


4. Name two or three products that command higher prices because they are rare or unique.
5. Find two examples where prices are advertised in a way that makes an item seem less expensive. Share your examples with your classmates.

Mental Math and Estimation

If you set the price of a bike helmet at \$49.95 and sell 25, how much less income will your store generate than if you sold the same number at \$54.95?

BUILD YOUR SKILLS



These men are working on the Hibernia oil field platform. The platform is located in the Atlantic Ocean, about 315 km from St. John's, NL.

1. Max owns a clothing store. He buys an order of shirts for \$22.75 per shirt. In order to make a profit, he wants to mark them up 60%. What will the list price of the shirts be for customers?
2. An outfitter in St. John's, NL, sells full-brim aluminum hard hats for \$49.95 and steel-toed work boots for \$129.95. If you purchase a hard hat and two pairs of boots, what will your total cost be, including tax? How much HST will you pay on these three items?
3. If the outfitter in question 2 opens a store in the Evangeline Region, PEI, where exploration for oil is taking place, it may sell hard hats and work boots for 10% more than it charges in St. John's. What would you pay for a hard hat and a pair of steel-toed boots in PEI, taking into account that GST of 5% and PST of 10% apply?
(use HST of 15%)
4. Roberta works for a retail hardware store in Bathurst, NB. She buys 3 sinks for \$89.95 each, 2 bathtubs at \$639.95 each, and 2 faucets for \$74.95 each. She sells one sink, one bathtub, and 2 faucets to a customer at a 25% markup. How much does she charge her customer?
(With tax.)
5. Erma is a member of the Eastern Woodland Métis Nation. She runs an organic blueberry farm in the Annapolis Valley, NS. She sells her crop in three ways: direct to customers who come to the farm, at \$3.50 a quart; at the local farmers' market at \$3.99 a quart; and wholesale to organic food stores for \$2.00 a quart.
 - a) If she sells 50 quarts at \$3.50, 175 quarts at \$3.99, and 250 quarts at \$2.00, what is her total income?
 - b) Compare her income from 100 quarts sold directly at the farm to 100 quarts sold to a wholesaler. What is the difference in income? Why would she sell to a wholesaler?

6. When Julie completed the baker apprenticeship program and started her own cake business, her first order was to provide cakes for 100 people at a business luncheon. After calculating the cost of all her supplies and ingredients, her time, and the cost of gas for delivering the cakes, she found that her price of \$2.50 per portion did not cover her costs.

- If she increased her price by 15%, what would the new unit price be?
 - How much more would she make on 100 servings at the higher price?
 - If she thought customers would reject a 15% price increase, how might she lower her costs?
7. At the end of the summer season, Marie has a lot of unsold \$29.99 tank tops left in her Rocky Harbour, NL, shop. She decides to put the remaining tank tops on sale. What might the sale price be? How will this sale affect her total profits? What reasons might Marie have for doing this?



This woman is an apprentice in a baking program.

Extend your thinking

8. You plan to sell imported cheese in your butcher shop and need to set a price. If the wholesale price you pay for a 10 kg wheel of medium Dutch Gouda is \$175.00, what is the price for 250 grams if you sell it at cost?
- What factors will you consider in setting the retail price?
 - If you decide on a markup of 40%, what would 250 g of cheese cost?
 - If you found that your supply of Gouda exceeded the demand for it, you might decide to offer a 15% discount off the regular price. What would a customer now pay for 250 g?
 - At the discounted price (15% off), would you still be making a profit? Explain your thinking.