

THE SELLING PRICE OF A SUIT IS \$560 THE DISCOUNT ON THE SUIT IS 12% WHAT IS THE NEW SELLING PRICE

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UNDERSTANDING THE CALCULATION AND IMPLICATIONS OF DISCOUNTS ON RETAIL ITEMS IS ESSENTIAL FOR BOTH CONSUMERS AND RETAILERS. IN THIS ARTICLE, WE DELVE INTO A SPECIFIC SCENARIO: A SUIT WITH A SELLING PRICE OF \$560, OFFERED WITH A 12% DISCOUNT. OUR GOAL IS TO DETERMINE THE NEW SELLING PRICE AFTER APPLYING THE DISCOUNT, EXPLORE THE CONCEPTS INVOLVED, AND PROVIDE VALUABLE INSIGHTS INTO HOW DISCOUNTS INFLUENCE PRICING STRATEGIES.

UNDERSTANDING THE BASIC CONCEPTS OF PRICING AND DISCOUNTS

BEFORE WE PROCEED WITH CALCULATIONS, IT'S CRUCIAL TO UNDERSTAND SOME FOUNDATIONAL CONCEPTS RELATED TO PRICING, DISCOUNTS, AND HOW THEY INTERACT.

WHAT IS THE ORIGINAL SELLING PRICE?

THE ORIGINAL SELLING PRICE, ALSO CALLED THE MARKED PRICE OR LISTED PRICE, IS THE PRICE SET BY THE RETAILER BEFORE ANY DISCOUNTS ARE APPLIED. IN OUR SCENARIO, THIS IS \$560.

WHAT IS A DISCOUNT?

A DISCOUNT IS A REDUCTION IN THE ORIGINAL PRICE OFFERED TO CUSTOMERS, OFTEN TO PROMOTE SALES OR CLEAR INVENTORY. DISCOUNTS ARE USUALLY EXPRESSED AS A PERCENTAGE OF THE ORIGINAL PRICE.

WHY ARE DISCOUNTS USED?

- TO ATTRACT CUSTOMERS
- TO INCREASE SALES VOLUME
- TO CLEAR STOCK
- TO OFFER PROMOTIONAL DEALS DURING FESTIVALS OR SALES EVENTS

HOW IS THE DISCOUNT CALCULATED?

THE DISCOUNT AMOUNT IS CALCULATED BY MULTIPLYING THE ORIGINAL PRICE BY THE DISCOUNT PERCENTAGE. THE FORMULA IS:

$$\text{Discount Amount} = (\text{Original Price}) \times (\text{Discount Percentage}) / 100$$

ONCE THE DISCOUNT AMOUNT IS DETERMINED, THE NEW SELLING PRICE (ALSO CALLED THE SALE PRICE OR DISCOUNTED PRICE) IS:

$$\text{New Selling Price} = \text{Original Price} - \text{Discount Amount}$$

CALCULATING THE DISCOUNT AND NEW SELLING PRICE

APPLYING THE ABOVE CONCEPTS TO OUR PROBLEM:

GIVEN DATA

- ORIGINAL SELLING PRICE: \$560
- DISCOUNT PERCENTAGE: 12%

STEP 1: CALCULATE THE DISCOUNT AMOUNT

USING THE FORMULA:

$$\text{Discount Amount} = 560 \times 12 / 100 = 560 \times 0.12 = \$67.20$$

STEP 2: DETERMINE THE NEW SELLING PRICE

SUBTRACT THE DISCOUNT FROM THE ORIGINAL PRICE:

$$\text{New Selling Price} = 560 - 67.20 = \$492.80$$

THEREFORE, THE NEW SELLING PRICE OF THE SUIT AFTER APPLYING THE 12% DISCOUNT IS \$492.80.

IMPLICATIONS OF THE DISCOUNTED PRICE

UNDERSTANDING THE FINAL SALE PRICE IS IMPORTANT FOR BOTH CONSUMERS AND RETAILERS. LET'S EXAMINE THE IMPLICATIONS:

FOR CONSUMERS

- SAVINGS: CUSTOMERS SAVE \$67.20 ON THE ORIGINAL PRICE.
- PERCEIVED VALUE: DISCOUNTED PRICES CAN MAKE PRODUCTS SEEM MORE ATTRACTIVE.
- BUDGETING: HELPS CONSUMERS PLAN THEIR EXPENSES BETTER.

FOR RETAILERS

- PRICING STRATEGY: DISCOUNTS CAN STIMULATE DEMAND AND MOVE INVENTORY.
- PROFIT MARGIN: THE RETAILER MUST ENSURE THE DISCOUNTED PRICE STILL COVERS COSTS AND DESIRED PROFIT MARGINS.
- CUSTOMER LOYALTY: OFFERING DISCOUNTS CAN FOSTER REPEAT BUSINESS.

ADDITIONAL CONSIDERATIONS IN DISCOUNT CALCULATIONS

WHILE THE STRAIGHTFORWARD CALCULATION PROVIDES A CLEAR ANSWER, SEVERAL FACTORS CAN INFLUENCE HOW DISCOUNTS ARE APPLIED AND PERCEIVED.

1. SEQUENTIAL DISCOUNTS

SOMETIMES, RETAILERS APPLY MULTIPLE DISCOUNTS SEQUENTIALLY RATHER THAN CUMULATIVELY. FOR EXAMPLE, IF A STORE OFFERS A 10% DISCOUNT FOLLOWED BY A 5% DISCOUNT, THE TOTAL REDUCTION IS NOT SIMPLY 15%. INSTEAD, THE DISCOUNTS ARE APPLIED ONE AFTER THE OTHER:

- FIRST DISCOUNT: 10% OFF THE ORIGINAL
- SECOND DISCOUNT: 5% OFF THE NEW PRICE

2. DISCOUNT ON SALE PRICE

OCCASIONALLY, DISCOUNTS ARE APPLIED ON A PREVIOUSLY DISCOUNTED PRICE, NOT THE ORIGINAL. THIS IS COMMON DURING CLEARANCE SALES.

3. TAX CONSIDERATIONS

IN SOME REGIONS, SALES TAX MAY BE ADDED AFTER THE DISCOUNT IS APPLIED, AFFECTING THE FINAL AMOUNT PAID.

4. MARKETING STRATEGIES

BUSINESSES OFTEN USE PSYCHOLOGICAL PRICING, SUCH AS SETTING PRICES JUST BELOW A ROUND NUMBER (\$492.80 INSTEAD OF \$493), TO MAKE PRICES SEEM MORE ATTRACTIVE.

PRACTICAL APPLICATIONS AND EXAMPLES

TO REINFORCE UNDERSTANDING, HERE ARE SOME PRACTICAL SCENARIOS AND THEIR CALCULATIONS:

EXAMPLE 1: CALCULATING A DISCOUNTED PRICE

SUPPOSE A SUIT ORIGINALLY PRICED AT \$560 WITH A 12% DISCOUNT:

- DISCOUNT: \$67.20
- FINAL PRICE: \$492.80

EXAMPLE 2: CALCULATING THE DISCOUNT PERCENTAGE

IF A RETAILER WANTS TO OFFER A SUIT AT A FINAL PRICE OF \$492.80, AND THE ORIGINAL PRICE IS \$560, WHAT IS THE DISCOUNT PERCENTAGE?

- DISCOUNT AMOUNT: $\$560 - \$492.80 = \$67.20$
- DISCOUNT PERCENTAGE: $(\$67.20 / \$560) \times 100 \approx 12\%$

EXAMPLE 3: DISCOUNT ON DIFFERENT ITEMS

IF A DIFFERENT SUIT IS PRICED AT \$750 AND OFFERED WITH THE SAME 12% DISCOUNT:

- DISCOUNT: $750 \times 0.12 = \$90$
- NEW SELLING PRICE: $750 - 90 = \$660$

CONCLUSION: KEY TAKEAWAYS

- THE ORIGINAL SELLING PRICE OF THE SUIT IS \$560.
- A 12% DISCOUNT ON THIS PRICE AMOUNTS TO \$67.20.
- THE DISCOUNTED, OR NEW SELLING PRICE, BECOMES \$492.80.
- UNDERSTANDING DISCOUNTS INVOLVES BASIC PERCENTAGE CALCULATIONS, WHICH ARE ESSENTIAL FOR CONSUMERS AND RETAILERS ALIKE.
- ADDITIONAL FACTORS SUCH AS SEQUENTIAL DISCOUNTS, TAXES, AND MARKETING STRATEGIES CAN INFLUENCE THE FINAL PRICE AND PERCEPTION.

BY MASTERING THESE CALCULATIONS, CONSUMERS CAN MAKE INFORMED PURCHASING DECISIONS, AND RETAILERS CAN DEVELOP EFFECTIVE PRICING STRATEGIES THAT BALANCE COMPETITIVENESS AND PROFITABILITY.

FAQs ABOUT DISCOUNT CALCULATIONS

1. HOW DO I CALCULATE THE DISCOUNT AMOUNT?

MULTIPLY THE ORIGINAL PRICE BY THE DISCOUNT PERCENTAGE DIVIDED BY 100.

2. WHAT IS THE FORMULA FOR THE NEW SELLING PRICE AFTER DISCOUNT?

ORIGINAL PRICE - DISCOUNT AMOUNT.

3. CAN DISCOUNTS BE MORE THAN 100%?

NO, DISCOUNTS ABOVE 100% ARE NOT POSSIBLE IN PRACTICAL RETAIL SCENARIOS, AS THEY WOULD IMPLY GIVING AWAY THE PRODUCT FOR FREE OR PAYING THE CUSTOMER.

4. HOW DO SEQUENTIAL DISCOUNTS WORK?

APPLY EACH DISCOUNT TO THE CURRENT PRICE AFTER THE PREVIOUS DISCOUNT, NOT THE ORIGINAL PRICE EACH TIME.

IN SUMMARY, UNDERSTANDING HOW DISCOUNTS AFFECT THE FINAL SELLING PRICE IS VITAL FOR MAKING SMART PURCHASING DECISIONS AND DEVELOPING EFFECTIVE SALES STRATEGIES. THE CASE OF THE SUIT PRICED AT \$560 WITH A 12% DISCOUNT CLEARLY ILLUSTRATES HOW SIMPLE PERCENTAGE CALCULATIONS CAN PROVIDE CLARITY ON PRICING ADJUSTMENTS.

FREQUENTLY ASKED QUESTIONS

WHAT IS THE ORIGINAL PRICE OF THE SUIT BEFORE THE DISCOUNT IF THE SELLING PRICE AFTER DISCOUNT IS \$560 WITH A 12% DISCOUNT?

THE ORIGINAL PRICE IS \$638.64. TO FIND THIS, DIVIDE THE SELLING PRICE BY (1 - DISCOUNT RATE): $560 / (1 - 0.12) = 560 / 0.88 = \638.64 .

HOW IS THE DISCOUNT AMOUNT CALCULATED ON THE ORIGINAL PRICE OF THE SUIT?

THE DISCOUNT AMOUNT IS 12% OF THE ORIGINAL PRICE. SO, IT IS $0.12 \times \$638.64 = \76.64 .

WHAT IS THE NEW SELLING PRICE OF THE SUIT AFTER APPLYING THE 12% DISCOUNT?

THE NEW SELLING PRICE AFTER THE DISCOUNT IS \$560, WHICH IS ALREADY GIVEN IN THE PROBLEM STATEMENT.

IF THE DISCOUNT IS 12% AND THE ORIGINAL PRICE IS \$638.64, WHAT IS THE DISCOUNTED PRICE?

THE DISCOUNTED PRICE IS $\$638.64 - \$76.64 = \$562$, BUT SINCE THE SALE PRICE IS GIVEN AS \$560, IT INDICATES A SLIGHT ROUNDING OR PROMOTIONAL ADJUSTMENT.

HOW CAN YOU VERIFY THE DISCOUNT PERCENTAGE IF THE ORIGINAL PRICE AND SALE PRICE ARE KNOWN?

SUBTRACT THE SALE PRICE FROM THE ORIGINAL PRICE TO FIND THE DISCOUNT AMOUNT, THEN DIVIDE BY THE ORIGINAL PRICE AND MULTIPLY BY 100 TO GET THE DISCOUNT PERCENTAGE. FOR EXAMPLE, $(\$638.64 - \$560) / \$638.64 \times 100 \approx 12\%$.

WHAT IS THE IMPORTANCE OF KNOWING THE ORIGINAL PRICE WHEN GIVEN THE SALE PRICE AND DISCOUNT PERCENTAGE?

KNOWING THE ORIGINAL PRICE HELPS DETERMINE THE DISCOUNT AMOUNT AND VERIFY THE SALE PRICE, ENSURING TRANSPARENCY AND ACCURATE CALCULATIONS FOR PRICING AND DISCOUNTS.

ADDITIONAL RESOURCES

THE SELLING PRICE OF A SUIT IS \$560 THE DISCOUNT ON THE SUIT IS 12% WHAT IS THE NEW SELLING PRICE

IN RETAIL, UNDERSTANDING HOW DISCOUNTS INFLUENCE THE FINAL SELLING PRICE OF A PRODUCT IS ESSENTIAL FOR BOTH SELLERS AND BUYERS. WHETHER YOU'RE A STORE OWNER AIMING TO STRATEGIZE SALES OR A CUSTOMER TRYING TO DETERMINE THE ACTUAL COST AFTER DISCOUNTS, GRASPING THE UNDERLYING CALCULATIONS IS INVALUABLE. TODAY, WE DELVE INTO A COMMON SCENARIO: A SUIT WITH AN ORIGINAL SELLING PRICE OF \$560, OFFERED WITH A 12% DISCOUNT. OUR GOAL IS TO DETERMINE THE NEW SELLING PRICE AFTER THIS DISCOUNT IS APPLIED, EXPLORING THE MATHEMATICAL PROCESS STEP-BY-STEP AND DISCUSSING THE BROADER IMPLICATIONS OF SUCH DISCOUNTS IN THE RETAIL ENVIRONMENT.

UNDERSTANDING THE ORIGINAL PRICE AND DISCOUNT

BEFORE CALCULATING THE NEW SELLING PRICE, IT'S CRUCIAL TO UNDERSTAND THE TWO KEY FIGURES INVOLVED:

- ORIGINAL SELLING PRICE (OSP): THE INITIAL PRICE OF THE SUIT BEFORE ANY DISCOUNTS. IN THIS CASE, \$560.

- DISCOUNT RATE: THE PERCENTAGE REDUCTION APPLIED TO THE ORIGINAL PRICE, HERE, 12%.

THIS SETUP IS COMMON IN RETAIL TRANSACTIONS, WHERE DISCOUNTS ARE USED TO ATTRACT CUSTOMERS, CLEAR INVENTORY, OR PROMOTE SPECIFIC PRODUCTS. RECOGNIZING THE RELATIONSHIP BETWEEN THESE FIGURES HELPS BOTH CONSUMERS AND RETAILERS MAKE INFORMED DECISIONS.

HOW TO CALCULATE THE DISCOUNT AMOUNT

THE FIRST STEP IN DETERMINING THE NEW PRICE INVOLVES CALCULATING THE ACTUAL DOLLAR AMOUNT OF THE DISCOUNT. THIS IS ACHIEVED BY MULTIPLYING THE ORIGINAL PRICE BY THE DISCOUNT RATE EXPRESSED AS A DECIMAL.

STEP-BY-STEP CALCULATION:

1. CONVERT THE DISCOUNT PERCENTAGE TO A DECIMAL:

$$12\% = 12/100 = 0.12$$

2. MULTIPLY THE ORIGINAL PRICE BY THE DECIMAL:

$$\text{DISCOUNT AMOUNT} = \$560 \times 0.12$$

3. PERFORM THE MULTIPLICATION:

$$\text{DISCOUNT AMOUNT} = \$67.20$$

THIS MEANS THE CUSTOMER SAVES \$67.20 ON THE SUIT DUE TO THE DISCOUNT.

DETERMINING THE NEW SELLING PRICE

ONCE THE DISCOUNT AMOUNT IS KNOWN, CALCULATING THE NEW SELLING PRICE BECOMES STRAIGHTFORWARD:

$$\text{NEW SELLING PRICE (NSP)} = \text{ORIGINAL PRICE} - \text{DISCOUNT AMOUNT}$$

SUBSTITUTING THE KNOWN VALUES:

$$\text{NSP} = \$560 - \$67.20 = \$492.80$$

THEREFORE, AFTER APPLYING A 12% DISCOUNT, THE SUIT'S NEW SELLING PRICE IS \$492.80.

VERIFYING THE CALCULATION

TO ENSURE ACCURACY, IT'S HELPFUL TO VERIFY THE CALCULATION IN MULTIPLE WAYS:

METHOD 1: USING THE FORMULA DIRECTLY

$$\text{- NEW PRICE} = \text{ORIGINAL PRICE} \times (1 - \text{DISCOUNT RATE})$$

APPLYING THIS:

$$\text{NEW PRICE} = \$560 \times (1 - 0.12) = \$560 \times 0.88 = \$492.80$$

THIS CONFIRMS OUR PREVIOUS RESULT.

METHOD 2: USING A PROPORTIONAL APPROACH

- THE DISCOUNT REPRESENTS 12%, SO THE REMAINING PRICE IS 88% OF THE ORIGINAL:

$$\text{REMAINING PERCENTAGE} = 100\% - 12\% = 88\%$$

- CALCULATING:

$$\$560 \times 0.88 = \$492.80$$

AGAIN, THE SAME ANSWER EMERGES, REINFORCING CONFIDENCE IN THE CALCULATION.

BROADER IMPLICATIONS OF DISCOUNTS IN RETAIL

UNDERSTANDING THESE CALCULATIONS IS MORE THAN AN ACADEMIC EXERCISE; IT HAS PRACTICAL IMPLICATIONS IN REAL-WORLD SHOPPING AND SALES STRATEGIES.

FOR CONSUMERS:

- INFORMED PURCHASING: KNOWING HOW TO CALCULATE THE FINAL PRICE HELPS BUYERS ASSESS WHETHER A DEAL IS GENUINELY GOOD.
- BUDGET PLANNING: CONSUMERS CAN ESTIMATE COSTS QUICKLY DURING SALES TO MANAGE THEIR EXPENSES EFFECTIVELY.

FOR RETAILERS:

- PRICING STRATEGIES: KNOWING THE EXACT DISCOUNT AMOUNT HELPS IN STRUCTURING SALES THAT ARE ATTRACTIVE YET PROFITABLE.
- INVENTORY MANAGEMENT: DISCOUNTS CAN BE CALIBRATED TO CLEAR STOCK EFFICIENTLY WITHOUT ERODING PROFIT MARGINS EXCESSIVELY.

FOR BOTH PARTIES:

- TRANSPARENCY IN DISCOUNTS FOSTERS TRUST AND ENCOURAGES REPEAT BUSINESS.

ADDITIONAL CONSIDERATIONS IN DISCOUNT CALCULATIONS

WHILE STRAIGHTFORWARD IN THE EXAMPLE PROVIDED, REAL-WORLD SCENARIOS CAN INTRODUCE COMPLEXITIES:

- TIERED DISCOUNTS: MULTIPLE DISCOUNT LEVELS BASED ON QUANTITY OR CUSTOMER CATEGORIES.
- COMBINED DISCOUNTS: APPLYING SUCCESSIVE DISCOUNTS (E.G., 10% FOLLOWED BY 5%) REQUIRES CAREFUL CALCULATION.
- TAX IMPLICATIONS: FINAL PRICE MAY INCLUDE TAXES, WHICH ARE COMPUTED POST-DISCOUNT.
- PRICING REGULATIONS: LEGAL CONSIDERATIONS MAY REGULATE HOW DISCOUNTS ARE ADVERTISED AND APPLIED.

PRACTICAL EXAMPLES AND APPLICATIONS

LET'S EXPLORE SOME RELATED SCENARIOS TO DEEPEN UNDERSTANDING:

EXAMPLE 1: A HIGHER DISCOUNT PERCENTAGE

SUPPOSE THE STORE OFFERS A 20% DISCOUNT ON THE SAME SUIT:

- DISCOUNT AMOUNT = $\$560 \times 0.20 = \112
- NEW PRICE = $\$560 - \$112 = \$448$

EXAMPLE 2: SEQUENTIAL DISCOUNTS

IF A STORE OFFERS A 10% DISCOUNT FOLLOWED BY AN ADDITIONAL 5% ON THE DISCOUNTED PRICE:

- FIRST DISCOUNT: $\$560 \times 0.10 = \56
- PRICE AFTER FIRST DISCOUNT: $\$560 - \$56 = \$504$
- SECOND DISCOUNT: $\$504 \times 0.05 = \25.20
- FINAL PRICE: $\$504 - \$25.20 = \$478.80$

THESE EXAMPLES DEMONSTRATE THE APPLICATION OF PERCENTAGE DISCOUNTS AND THE IMPORTANCE OF PRECISE CALCULATIONS.

THE TAKEAWAY: MASTERING DISCOUNT CALCULATIONS

UNDERSTANDING THE MATHEMATICS BEHIND DISCOUNTS EMPOWERS CONSUMERS TO MAKE SMARTER PURCHASING DECISIONS AND ENABLES RETAILERS TO OPTIMIZE THEIR SALES STRATEGIES. IN OUR SPECIFIC CASE, A SUIT ORIGINALLY PRICED AT \$560, WITH A 12% DISCOUNT, NOW RETAILS FOR \$492.80. RECOGNIZING HOW THIS FIGURE IS DERIVED ENSURES TRANSPARENCY AND CONFIDENCE IN FINANCIAL TRANSACTIONS.

FINAL THOUGHTS

DISCOUNTS REMAIN A STAPLE OF RETAIL MARKETING, SERVING AS EFFECTIVE TOOLS TO BOOST SALES AND CLEAR INVENTORY. WHETHER YOU'RE A SHOPPER EVALUATING A DEAL OR A BUSINESS OWNER DESIGNING PROMOTIONAL OFFERS, MASTERING THE CALCULATION OF DISCOUNTED PRICES IS FUNDAMENTAL. AS DEMONSTRATED WITH OUR EXAMPLE, A SIMPLE FORMULA—MULTIPLYING THE ORIGINAL PRICE BY THE COMPLEMENT OF THE DISCOUNT PERCENTAGE—DELIVERS QUICK AND ACCURATE RESULTS. ARMED WITH THIS KNOWLEDGE, CONSUMERS CAN NAVIGATE SALES CONFIDENTLY, AND RETAILERS CAN CRAFT STRATEGIC PROMOTIONS THAT BALANCE ATTRACTIVENESS WITH PROFITABILITY.

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