

Marketing Essentials



Chapter 16

using math in sales

Section 16.1
Sales Transactions

Section 16.2
Cash Registers

Section 16.3
Purchasing, Invoicing,
and Shipping

Sales Transactions



Before You Read

PREDICT What kinds of math does a salesperson use to finish a transaction?

OBJECTIVES

- **List** all types of retail sales transactions.
- **Process** purchases, returns, and exchanges.
- **Generate** and process sales documentation.
- **Calculate** sales tax, discounts, and shipping charges.

THE MAIN IDEA

There are many ways to complete a purchase transaction. Basic math skills are essential in all sales transactions.

VOCABULARY

- sales check
- layaway
- on-approval sale
- cash-on-delivery (COD) sale
- sales tax
- allowance

Sales Transactions

Graphic Organizer

The Six Types of Retail Sales Transactions

Types of Retail Sales Transactions

1. Cash or Check

2.

3.

4.

5.

6.

Sales Transactions

Graphic Organizer

The Six Types of Retail Sales Transactions

Types of Retail Sales Transactions

1. Cash or Check

2. Debit

3. Credit card

4. Layaway

5. On-approval

6. Cash-on-delivery

Sales Transactions

Types of Retail Sales

Types of Retail Sales

Cash or Check Sales

Debit Card Sales

Credit Card Sales

Layaway Sales

On-Approval Sales

Cash-on-Delivery (COD) Sales



layaway

Removing merchandise from stock and keeping it in a separate area until the customer pays for it.



on-approval sale

An agreement that allows a customer to take merchandise home for further consideration.



cash-on-delivery (COD) sale

A transaction that occurs when a customer pays for merchandise at the time of delivery.

Sales Transactions

Types of Retail Sales

Graphic
Organizer

Advantages and Disadvantages of Different Types of Retail Sales

Type of Retail Sale	Advantages	Disadvantages
Cash		
Debit card		
Credit card		

Sales Transactions

Types of Retail Sales

Graphic Organizer

Advantages and Disadvantages of Different Types of Retail Sales

Type of Retail Sale	Advantages	Disadvantages
Cash	Customer: Won't overspend Retailer: Gets money immediately	Customer: May need to carry large amounts of cash Retailer: Must handle cash
Debit card	Customer: Won't overspend Retailer: Receives money immediately	Customer: Money taken from account immediately Retailer: Must pay a fee
Credit card	Customer: Billed later Retailer: Increases sales	Customer: May overspend Retailer: Must pay percentage

continued

Sales Transactions

Types of Retail Sales

Graphic
Organizer

Advantages and Disadvantages of Different Types of Retail Sales

Type of Retail Sale	Advantages	Disadvantages
Layaway		
On-approval		

Sales Transactions

Types of Retail Sales

Graphic Organizer

Advantages and Disadvantages of Different Types of Retail Sales

Type of Retail Sale	Advantages	Disadvantages
Layaway	Customer: Only pays a deposit Retailer: Keeps merchandise until entirely paid for	Customer: Doesn't get merchandise immediately Retailer: Must store items until paid for
On-approval	Customer: Has more time to make a decision Retailer: Provides a service to customers	Customer: Must return merchandise if decides not to buy Retailer: Does not get money until later and the merchandise may be returned

continued

Sales Transactions

Types of Retail Sales

Graphic Organizer

Advantages and Disadvantages of Different Types of Retail Sales

Type of Retail Sale	Advantages	Disadvantages
Cash-on-delivery		

Sales Transactions

Types of Retail Sales

Graphic Organizer

Advantages and Disadvantages of Different Types of Retail Sales

Type of Retail Sale	Advantages	Disadvantages
Cash-on-delivery	Customer: Does not pay until delivery Retailer: Provides a service to customers	Customer: Must pay a fee Retailer: Does not receive payment until delivery

Sales Transactions

Sales Tax

Sales Tax Facts

Paid only by the final user.

A regressive tax.

States want individuals to pay tax on Internet sales.



sales tax

A percentage fee levied by the government on the sale of goods and services.

Sales Transactions

Sales Tax

Each of These Situations Requires a Different Type of Sales Transaction

Return

Exchange

Allowance



allowance

Partial return of a sale price for merchandise the customer has kept, for example if there is a defect.

Sales Transactions

Sales Tax

Delivery charges are generally exempt from sales tax; they are added after the sale tax has been calculated.

Sales Transactions



After You Read

Section 16.1

1. **Describe** a sales check and list the important information that it should include.

A sales check is a written record of a sales transaction and should include information such as the date of the transaction, the items purchased, the purchase prices, sales tax, and the total amount due.

Sales Transactions



After You Read

Section 16.1

2. **Compare** the fees a merchant must pay for accepting credit card purchases and debit card purchases.

For a debit card, the bank charges the merchant a flat fee, regardless of the amount. With credit cards, the merchant pays a percentage of the sale based on a sliding scale which varies based on the size of the store account and how the charges are processed.

Sales Transactions



After You Read

Section 16.1

3. **Distinguish** between a return, an exchange, and an allowance.

Return: merchandise brought back for a cash refund or credit.

Exchange: merchandise switched for another item. Allowance: a partial return of the sale price for merchandise that the customer has kept, often because of a minor defect.

Cash Registers



Before You Read

PREDICT What are some functions performed by cash registers and point-of-sale terminals?

Cash Registers

OBJECTIVES

- **Name** the functions of cash registers and point-of-sale (POS) terminals.
- **Explain** the uses for Universal Product Codes (UPCs).
- **Make** change.

THE MAIN IDEA

The cash register or point-of sale (POS) station is a cashier's most important tool in completing a sales transaction.

VOCABULARY

- Universal Product Code (UPC)
- point-of-sale (POS) system
- till
- opening cash fund

Cash Registers

Graphic Organizer

Three Methods of Entering Information into an Electronic Cash Register and Three Safeguards Against Theft

Electronic Cash Registers

Methods of Entering Information

1.

2.

3.

Safeguards Against Theft/Counterfeiting

1.

2.

3.

Cash Registers

Graphic Organizer

Three Methods of Entering Information into an Electronic Cash Register and Three Safeguards Against Theft

Electronic Cash Registers

Methods of Entering Information

1. Optical scanning
2. Electronic wand entry
3. Manual key entry

Safeguards Against Theft/Counterfeiting

1. Close cash drawer between transactions
2. Lock drawer when leaving it
3. Become familiar with currency

Cash Registers and Their Main Functions

Three Basic Sales Functions of Cash Registers

**Recording
Sales**

**Storing Cash and
Sales Documents**

**Providing
Receipts**

Cash Registers and Their Main Functions

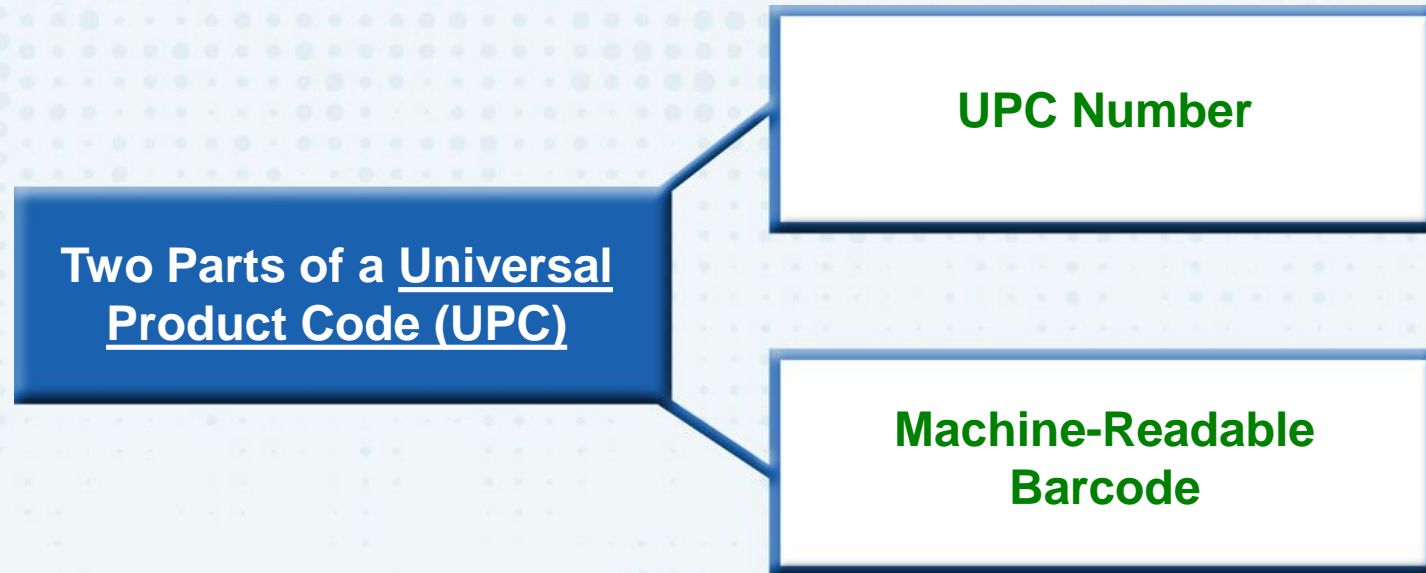
Entering Transaction Data into an Electronic Cash Register

**Optical
Scanning**

**Electronic Wand
Entry**

**Manual Key
Entry**

Cash Registers and Their Main Functions



universal product code (UPC)

A combination barcode and number used to identify a product and manufacturer that must be on every item sold by the manufacturer.

Current Trends

A point-of-sale (POS) system can trigger replenishment of stock and manufacturing of replacement merchandise.



point-of-sale (POS) system

A combination of a cash register with a computer, making it possible to capture information about the transaction at the time of sale and apply it to different functions.

Current Trends

**Radio frequency identification (RFID)
is used to read labels on products.**

Cash Registers

Current Trends

On most cash registers, the till can be opened only during a transaction.

The till has ten compartments—five in the back and five in the front.



till

The cash drawer of a cash register.

Current Trends

The opening cash fund is also known as the *change fund*.



opening cash fund

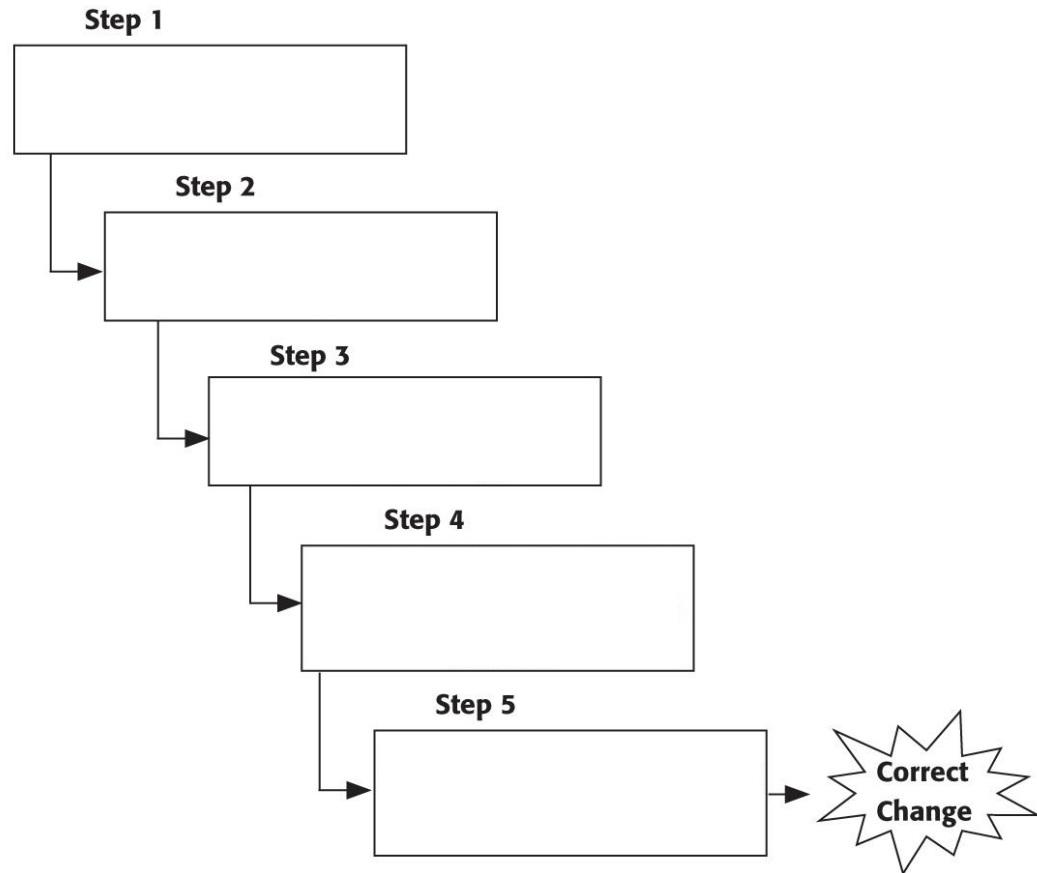
A limited amount of money in the cash register at the beginning of business.

Cash Registers

Current Trends

Graphic Organizer

Making Change
When Using a
Non-POS System

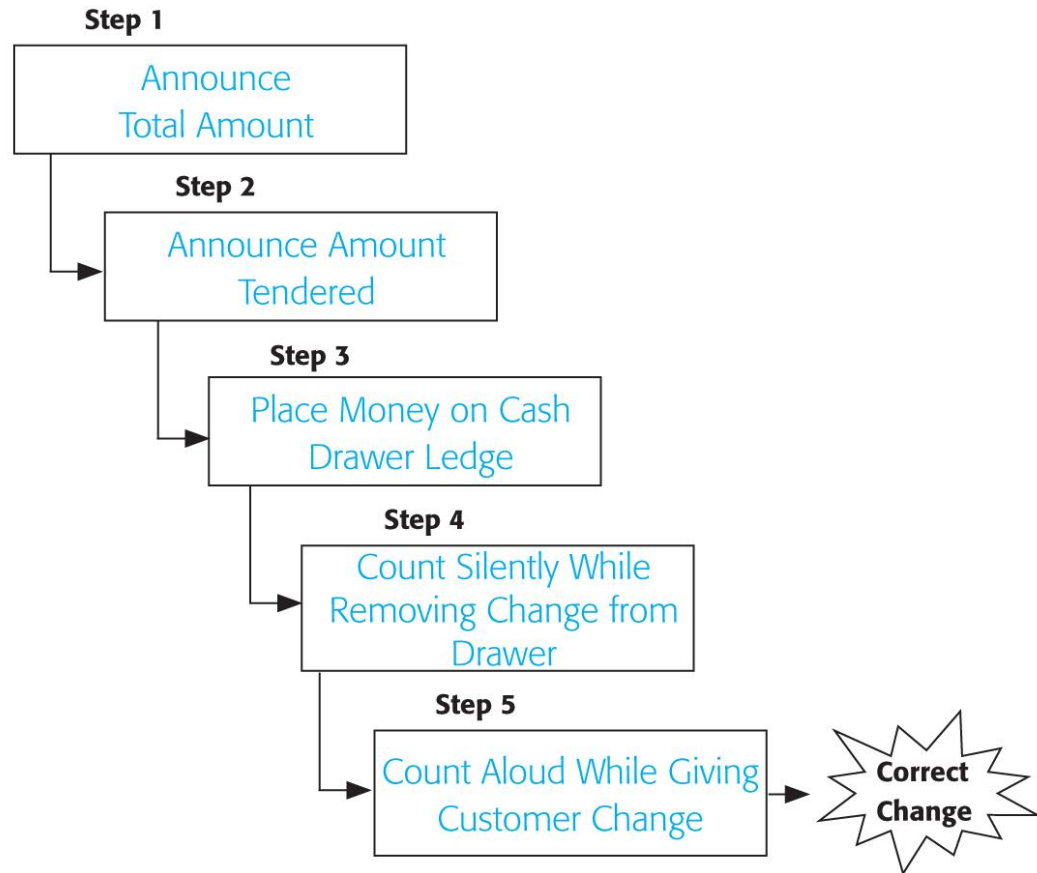


Cash Registers

Current Trends

Graphic Organizer

Making Change
When Using a
Non-POS System



Cash Registers

Current Trends

When balancing the till, it is not good to be over or short. In either case you made a mistake.

Cash Registers

Current Trends

Theft and counterfeiting are important concerns when operating a cash register.

Current Trends

Changes in currency design are made in an effort to prevent counterfeiting.

Cash Registers



After You Read

Section 16.2

1. **List** three functions of all cash registers and POS terminals.

All cash registers and POS terminals can perform three basic functions: (1) record sales, (2) store cash and sales documents, and (3) provide receipts.

Cash Registers



After You Read

Section 16.2

2. **Describe** two ways to make change when a customer gives you a \$50 bill for a purchase of \$34.29.

Two ways to make change when a customer tenders a \$50 bill for a purchase of \$34.29 are: (1) Using a POS system with a customer display, you count out the change shown on the display, beginning with the largest denomination, hand the change to the customer and say aloud “\$15.71” as you hand the change to the customer; (2) If the cash register does not have a customer display showing the change due, begin by announcing the total amount of the sale and then count up to the amount tendered. This involves the five steps listed on page 377 of the text.

Cash Registers

**After You Read****Section 16.2**

3. **Explain** the Universal Product Code.

The Universal Product Code (UPC) is a combination barcode and number used to identify a product and manufacturer.

Purchasing, Invoicing, and Shipping



Before You Read

CONNECT When have you ordered something by mail? What types of forms are involved?

Purchasing, Invoicing, and Shipping

OBJECTIVES

- **Prepare** purchase orders and invoices.
- **Explain** shipping terms.

THE MAIN IDEA

Writing a purchase order, creating an invoice, and figuring shipping are part of the sales process, especially in business-to-business sales.

VOCABULARY

- purchase order (PO)
- invoice
- terms for delivery
- free-on-board (FOB)

Purchasing, Invoicing, and Shipping

Graphic Organizer

List the Six Types of Information Needed to Complete a Purchase Order or Invoice

Information Needed

Purchase Order	Invoice
1. Item number	

Purchasing, Invoicing, and Shipping

Graphic Organizer

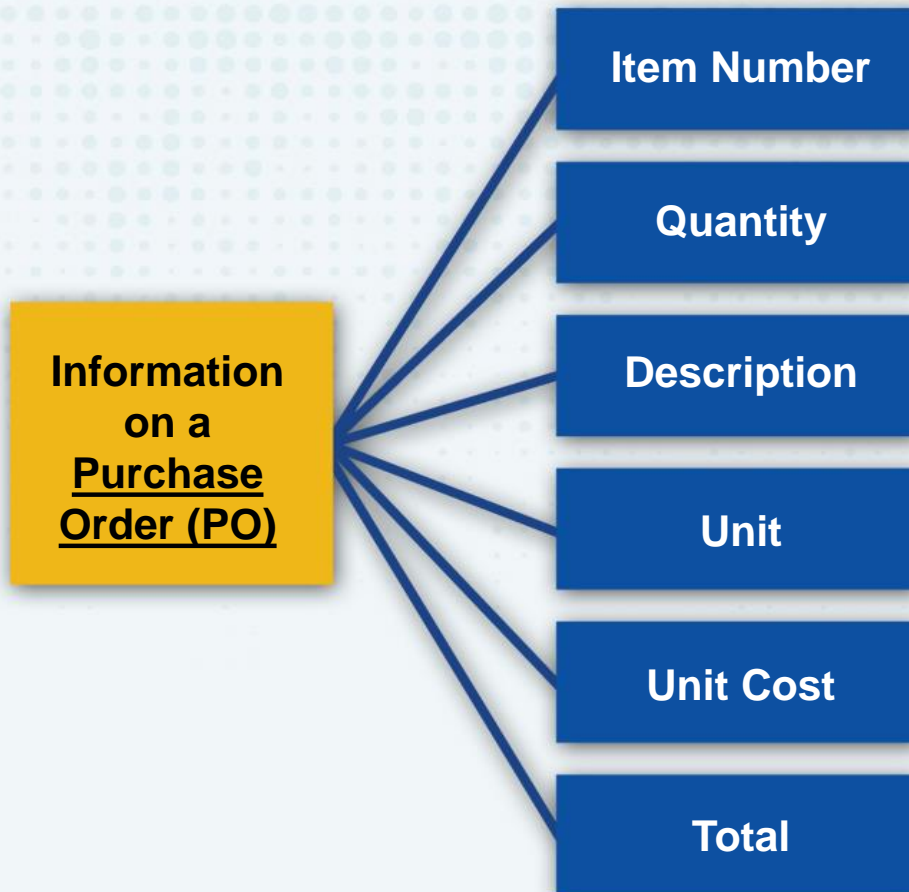
List the Six Types of Information Needed to Complete a Purchase Order or Invoice

Information Needed

Purchase Order	Invoice
1. Item number	1. Prices of goods
2. Quantity	2. Terms of sale
3. Description	3. Total
4. Unit	4. Taxes
5. Unit cost	5. Fees
6. Total	6. Amount due

Purchasing, Invoicing, and Shipping

Purchase Orders



purchase order (PO)

A legal contract between a buyer and seller that lists the quantity, price, and description of the products ordered, along with the terms of payment and delivery.

Invoices

When filling an order based on a PO, a vendor includes an invoice with the delivered merchandise



invoice

Itemized list of goods that include prices, terms of sale, total, taxes and fees, and amount due.

Purchasing, Invoicing, and Shipping

Invoices

Dating terms state when a bill must be paid and the discount for paying early.

Purchasing, Invoicing, and Shipping

Invoices

Parcel post is one type of standard surface delivery offered by the U.S. Postal Service.

Purchasing, Invoicing, and Shipping

Invoices

With COD (cash on delivery) shipping, the postal carrier will collect the amount due from the customer and forward it to the business.

Invoices

Terms for delivery is part of most agreements in business-to-business sales.



terms for delivery

The final delivery arrangement made between the buyer and seller.

Invoices

The terms for delivery are all variations of free on board (FOB).



free on board (FOB)

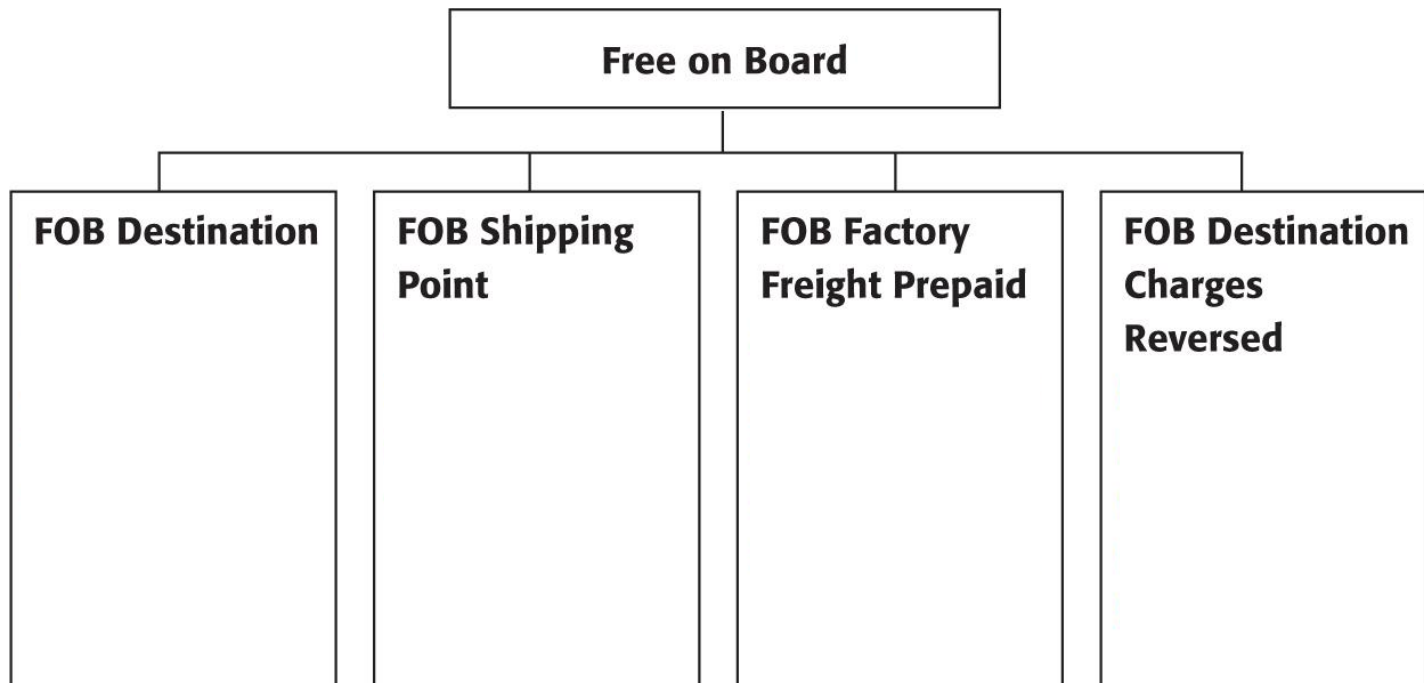
A delivery arrangement that means the price for goods includes delivery at the seller's expense to a specified point and no farther.

Purchasing, Invoicing, and Shipping

Invoices

Graphic
Organizer

Provide Definitions for Each Type of
FOB Delivery

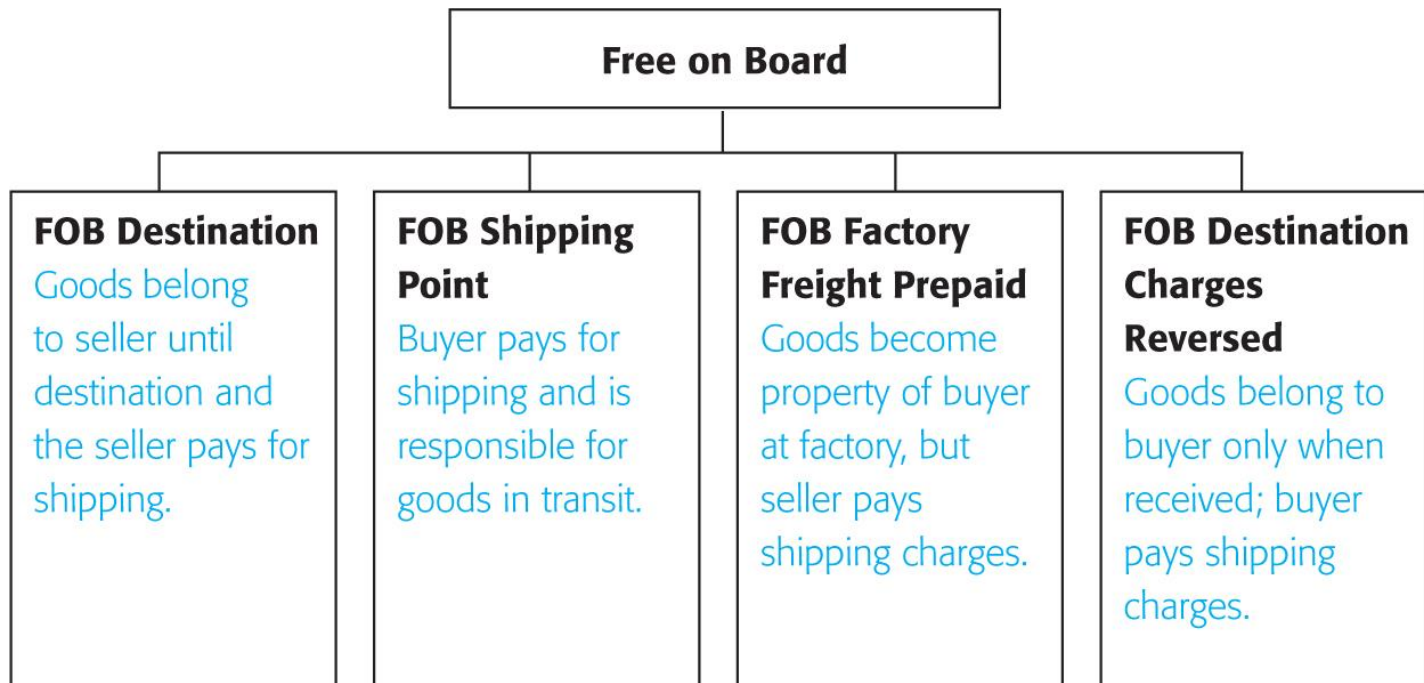


Purchasing, Invoicing, and Shipping

Invoices

Graphic Organizer

Provide Definitions for Each Type of FOB Delivery



Purchasing, Invoicing, and Shipping



After You Read

Section 16.3

1. **Identify** the party who issues a purchase order (PO) in business-to-business sales.

In business-to-business sales, the buyer issues a purchase order (PO).

Purchasing, Invoicing, and Shipping



After You Read

Section 16.3

2. **Define** the term *extension* and explain its calculation on a purchase order.

The extension is the result of multiplying the number of units by the cost per unit.

Purchasing, Invoicing, and Shipping



After You Read

Section 16.3

3. Explain the term *2/10, net 30*

The terms *2/10, net 30* mean that there will be a 2 percent discount if paid within 10 days, and the invoice total must be paid within 30 days.

Marketing Essentials



End of Chapter 16

using math in sales

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