



Floral Design Pricing

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DESCRIPTION:

This experiential learning activity allows students to determine the wholesale costs, retail costs and profit of a designed floral arrangement.

EXAMPLE ACTIVITIES: This activity could be used to practice determining floral design cost or maintaining record books and SAE financial records.

THESE ACTIVITIES ARE ALIGNED TO THE FOLLOWING STANDARDS:

Common Core-Math

- MP1: Make sense of problems and persevere in solving them.
- MP2: Reason abstractly and quantitatively.
- MP6: Attend to precision.

National Standards for Financial Literacy

- Buying Goods and Services, Benchmarks: Grade 12, Statement 1 Consumer decisions are influenced by the price of a good or service, the price of alternatives, and the consumer's income as well as his or her preferences.
- Buying Goods & Services: Benchmarks: Grade 12, Statement 3 When buying a good, consumers may consider various aspects of the product including the product's features.

BACKGROUND INFORMATION ON FLORAL PRICING/MARKUP COSTS:

What is markup?

A. Markup is the difference between the wholesale cost of materials and their retail selling price.

II. Who uses markup?

A. Flower shops, garden centers, retail nurseries

B. Service Businesses

Examples: Landscapers, turf care operators

III. How do you calculate markup?

Do the Math:

Step One: Find the individual unit cost of each item and multiply by the quantity used:

Carnations $\$13.99/15 = \0.93 per stem $0.93 \times 12 = \$11.16$ for 12

Leatherleaf $\$2.95/20 = \0.15 per stem $0.15 \times 8 = \$1.20$ for 8

Baby's breath $\$3.49 \times 0.5$ (or $\frac{1}{2}$) = $\$1.75$ for half a bunch

Glass vase $\$19.95/24 = \0.83 for a glass vase

Step Two: Find the subtotal of all the items used.

\$11.16 (12 Carnations)

\$1.20 (8 Leatherleaf)

\$1.75 ($\frac{1}{2}$ Baby's breath)

+ \$0.83 (1 Glass Vase)

\$14.94 subtotal

Step Three: Calculate the 40% markup cost from the subtotal.

$\$14.94 \times 0.40 = \5.98

Step Four: Add the markup to the subtotal for the final retail price.

$\$5.98 + 14.94 = \20.92

NAME: _____

Floral Design Pricing

DIRECTIONS:

Using the information below, determine the wholesale costs, retail costs and profit of a floral arrangement if the following items are used. Use a 40% markup to determine the retail costs. (Most of the time, markup would be the final step, but for this activity, you will mark up each item so that you can see the price differences between wholesale and retail.)

Find the wholesale cost, retail cost (with 40% markup) and profit for the following floral arrangement:

15 Roses at \$15.00/bunch (25 roses per bunch)
 17 Leatherleaf at \$2.50/bunch (15 leatherleaf per bunch)
 6 Liatris at \$6.50/bunch (10 per bunch)
 1 block of floral foam at \$0.25 per whole block
 1 design bowl at \$0.35 per bowl
 Labor at \$7.25/hour and the arrangement took two hours to make

Item	# Used	Wholesale Cost	Wholesale Subtotal	Markup/Retail Cost	Profit
<i>Example</i> Roses	15	\$15.00/bunch and 25 roses in one bunch \$15 ÷ 25 = \$0.60/rose	\$0.60 x 15 roses = \$9.00	\$9.00 x .40 = \$3.60	\$9.00 - \$3.60 = \$5.40
Labor					
TOTALS COSTS (Add total columns)					
Tax (7%)					
Final Total					

1. Why is it important for companies to include markup costs on products?

2. Describe three new concepts you learned while completing this activity.

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Floral Design Pricing - KEY

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Leatherleaf	17	\$2.50 ÷ 15 = \$0.17	\$0.17 x 17 = \$2.89	\$2.89 x .40 = \$1.16	\$2.89 - \$1.16 = \$1.73
Liatris	6	\$6.50 ÷ 10 = \$0.65	\$0.65 x 6 = \$3.90	\$3.90 x .40 = \$1.56	\$3.90 - \$1.56 = \$2.34
Floral Foam	1 block	\$0.25	\$0.25	\$0.25 x .40 = \$0.10	\$0.42 - \$0.10 = \$0.32
Design Bowl	1	\$0.35	\$0.35	\$0.35 x .40 = \$0.14	\$0.35 - \$0.14 = \$0.21
Labor				\$7.25 x 2 hours = \$14.50	
TOTAL COSTS (Add total columns)			\$16.39	\$21.06	\$21.06 - \$16.39 = \$4.67
Tax (7%)				\$21.06 x .07 = \$1.47	
Final Total				\$21.06 + \$1.47 = \$22.53	

*Answers will vary for open-ended questions.