Chapter Objectives

After reading this chapter, you should be able to:
- List all types of retail sales transactions
- Process purchases, returns, and exchanges
- Generate and process sales documentation
- Calculate sales tax, discounts, and shipping charges
- Name the functions of cash registers and point-of-sale (POS) terminals
- Explain the uses for Universal Product Codes (UPCs)
- Make change
- Prepare purchase orders and invoices
- Explain delivery terms

Market Talk
An electronic cash register can function as a point-of-sale (POS) terminal if it is connected to a network that keeps track of sales, inventory, and new merchandise. This new generation of cash registers functions as a sales and a marketing tool.

Quick Think
Name a store where you often shop. Is it equipped with conventional cash registers or POS stations? Why do you think this store uses that type of register?

Generate and process sales documentation. Sales documents include cash, personal checks, credit sales checks, coupons, and refund slips. Calculate sales tax, discounts, and shipping charges. See pages 339–341.
Name the functions of cash registers and point-of-sale (POS) terminals. Cash registers record sales, store cash and sales documents, and provide receipts. POS terminals can update inventory records, reorder items, store customer information, print financial statements, sales trends and personnel productivity reports.

Explain the uses for Universal Product Codes (UPCs). UPCs allow for each item to have a distinct item number for identification. The bar code allows the product to be scanned electronically and tracked in the system.

Make change. There are two methods: making change with a POS system and making change without a customer display screen.

Prepare purchase orders and invoices. A purchase order is a legal contract between the buyer and supplier. An invoice is an itemized list of goods.

Explain delivery terms. Delivery terms clarify who will pay for delivery and when the change of title (ownership) will take place.
Discuss the performance indicators for the DECA events listed, so that students understand how to demonstrate their understanding.

The event acronyms stand for:

- **AAM**: Apparel and Accessories Marketing Series
- **ADC**: Advertising Campaign Event
- **ASM**: Automotive Services Marketing Series
- **BSM**: Business Services Marketing Series
- **EMDM**: E-Commerce Management Team Decision Making Event
- **FMAL**: Food Marketing Series, AL
- **FMDM**: Financial Analysis Management Team Decision Making Event
- **FMML**: Food Marketing Series, ML
- **FSRM**: Full Service Restaurant Management Series
- **HMDM**: Hospitality Services Management Team Decision Making Event
- **HRR**: Hospitality and Recreation Marketing Research Event
- **MMS**: Marketing Management Series
- **QSRM**: Quick Serve Restaurant Management Series
- **RFSM**: Restaurant and Food Service Management Series
- **RMS**: Retail Merchandising Series
- **SEM**: Sports and Entertainment Marketing Series
- **SMDM**: Sports and Entertainment Marketing Management Team Decision Making Event
- **TMDM**: Travel and Tourism Marketing Management Team Decision Making Event
- **TSE**: Technical Sales Event

DECA Events These acronyms represent DECA competitive events that involve concepts in this chapter:

- AAM*
- BMDM*
- FMAL*
- FMML*
- QSRM
- RFSM
- RMS*
- TMDM
- TSE

Performance Indicators The performance indicators represent key skills and knowledge. Relating them to the concepts explained in this chapter is your key to success in DECA competitive events. Keep this in mind as you read, and write notes when you find material that helps you master a key skill. In these DECA competitive events, you should follow these performance indicators:

- Calculate miscellaneous charges
- Process sales transactions
- Describe the use of technology in the selling function

The events with an asterisk also include:

- Accept checks from customers
- Prepare cash drawers/banks
- Open/close register/terminal
- Process sales documentation
- Use an information system for order fulfillment

Some events include these performance indicators:

- AAM
- BMDM
- FMAL
- FMML
- QSRM
- RFSM
- RMS
- TMDM
- TSE

For the Student

- **Marketing Essentials Online Edition**
- Student Activity Workbook
- Marketing Math Workbook
- Marketing Research Project Workbook
- School-to-Career Activity Workbook
- Competitive Events Workbook
- BusinessWeek Reader with Case Studies
- Interactive Student Edition
- Student Resources at glencoe.com

For the Teacher

- TeacherWorks™ Plus
- Teacher Resources at glencoe.com
- Interactive Chalkboard
- ExamView® Assessment Suite
- Fast File Unit 5

DECA PREP

ROLE PLAY Check your understanding of DECA performance indicators with the DECA activity in this chapter’s review. For more information and DECA Prep practice, go to the Marketing Essentials OLC through glencoe.com.
SECTION 16.1

FOCUS

BELLRINGER ACTIVITY

Divide the class into small groups of two or three. Have each group of students discuss their employers’ procedures and policies (or ones they have observed as customers) about paying for purchases with any of the following:

- cash
- checks
- debit cards
- credit cards

Have each group report their findings to the class.

PRETEACHING

VOCABULARY

KEY TERMS Assign six teams of students one vocabulary term each. Have teams predict the meaning of each term and write their predictions on the board. Leave this list on the board so students can see how close their definitions were to the actual definitions as they work through the chapter.

ACADEMIC VOCABULARY Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

BEFORE YOU READ

1. Cash or check
2. 
3. 
4. 
5.  
6. 

READ THE MAIN IDEA

THE MAIN IDEA

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

GRAPHIC ORGANIZER

Draw this chart to list six types of retail sales transactions.

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

KEY TERMS

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

ACADEMIC STANDARDS

English Language Arts
NCTE 1 Read texts to acquire new information.

Science Standards
NSTA Content Standard E Science and Technology: abilities of technological design

PRETEACHING

VOCABULARY

KEY TERMS Assign six teams of students one vocabulary term each. Have teams predict the meaning of each term and write their predictions on the board. Leave this list on the board so students can see how close their definitions were to the actual definitions as they work through the chapter.

ACADEMIC VOCABULARY Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB connects academic correlations to book content.

CITICAL THINKING

Explain Ask students: Is it better to pay for purchases using cash or credit? Have students give reasons for their answers. For example, dealing with cash may be simplest for the store, but shoppers may not want to carry large amounts of cash.

As you read

Summarize List the differences in handling various methods of payment.

Types of Retail Sales Transactions

As a salesperson or cashier, you will handle several types of sales transactions. Most will be cash and debit or credit card sales, but you might also deal with layaway (or will-call) sales, on-approval sales, and cash-on-delivery (COD) sales. You will also handle returns, exchanges, allowances, sales tax, and shipping charges.

BEFORE YOU READ

Sales Transactions

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UNIT 5 — SELLING

As you read

Ask students to think about the last purchase they made. Ask: How did they pay? Make a chart on the board tallying the most common payment methods and the steps taken before the transaction was completed.

Develop Concepts

THE MAIN IDEA

Have students list two or three math skills needed to complete transactions.

Model for the students a way to list differences by creating a chart.
Cash or Check Sales
A cash sale is a transaction in which the customer pays for the purchase with cash or a check. The simplest sale occurs when the customer pays in cash. The cashier records the transaction on the register, gives the customer change and a receipt, and wraps the purchase.

When a customer writes a check, you may need to verify his or her identity by requesting a driver's license and another form of identification. Every business has rules about accepting checks. You will have to learn the policy of your company or store.

Sales Checks
A sales check is a written record of a sales transaction that includes such information as the date of the transaction, the items purchased, the purchase prices, sales tax, and the total amount due. It is valuable to a customer as an itemized receipt.

In its most complete form, a sales check can contain customer information (name, address, and phone number) and details such as the time of the sale and the identity of the salesperson. While handwritten sales checks are becoming less common than printed ones, some small firms still use them. The salesperson records the transaction by hand in a sales check book that contains at least two copies of each form. One copy is given to the customer and one is retained by the business as a record of the sale.

Math Skills for Handwritten Sales Checks
Some math is necessary when preparing handwritten sales checks. The five steps of this process are shown in Figure 16.1 on page 336. Occasionally, you will not be given a unit price, and you will need to calculate it on your own. This occurs when items are sold in multiple quantities, such as three reams of paper for $15. To find the selling price of one item in an instance like this, you divide the total price by the number of items: One ream of paper in this example would be $5 ($15 ÷ 3).

When the result of the division is uneven, any fraction of a cent is rounded up and charged to the customer. The price of one ream of paper when three reams are $13.99 is calculated as follows: $13.99 ÷ 3 = $4.6633 or $4.67.

Debit Card Sales
Businesses that have an encrypted, or coded, personal identification number (PIN) pad can ask customers whether they would like to pay with debit or credit. Customers who choose “debit” key in their private PIN. The terminal then dials out and checks to see whether there are enough funds in the customer's account to pay for the sale. If so, the funds are transferred to the merchant’s account. The customer does not need to sign a sales draft.

Advantages of Debit Card Payments
The bank that issues the debit card charges the merchant only a flat rate, for example $.59 per sale, regardless of the amount of the sale. They are a convenience to many customers who cannot get approval for a credit card, who prefer not to use a credit card, or who do not carry either a checkbook or large amounts of cash. Most merchants prefer payment by debit card to payment by check because they have access to the money much sooner, there is no risk of insufficient funds, and the cost to the merchant is less than when the customer pays with a credit card.

Credit Card Sales
Statistics show that by accepting credit cards, businesses can increase sales by as much as 40 percent. Primarily because of this potential for increased sales, most businesses today accept one or more of the major credit cards, such as Visa, MasterCard, and American Express cards.

Credit Card Payment on the Internet
Credit cards are also the most frequently used method of payment for Internet purchases. Many Internet sites also allow the consumer to make purchases with a gift certificate that has a security code the customer must key in. For safety reasons, the payment data (card number, expiration date, security code, etc.) are encrypted.

Extended Activity
Demonstrate Sales Transactions
Have students read this section in class and divide the students into four groups. Ask the groups to fashion artificial currency, making sure the bills are of a standard size by giving them a blank template. Make sure each group makes the same number of each denomination of bills: $1, $5, $10, $20, $50, and $100. Also have on hand ten or more play “checks” and simple credit card/debit card receipts and distribute them evenly for each group. Once you have a set of artificial currency, checks, and receipts at your disposal, ask each group to organize the documents by category: currency, checks, and receipts. You can use these documents to demonstrate sales transactions through this section.
Develop Concepts

Guided Practice

Sales Checks

Bring to class or create an example of a sales check. Divide students into groups and have them label the parts of the sales checks, including information as the date of the transaction, the items purchased, the purchase prices, sales tax, and the total amount due.

Demonstrate

Show students how to analyze a sales check yourself. Use a real sales check or create one to display on a board. Then ask students to point out the different parts.

Explain

Ask students to think about what they might learn if they kept all their sales checks. Explain that keeping sales checks can help individuals budget because they can predict how much they typically spend on items in a given period of time.

Step 1—Multiply unit price times quantity for each item and extend the amounts to the last column. Remember that the last two digits on the right are cents. Place a decimal point to their left, or enter them to the right of the vertical line dividing the last column into two unequal parts.

Step 2—Add item amounts to arrive at a merchandise subtotal. Enter this figure on the appropriate line.

Step 3—Calculate sales tax or look it up in a tax table. Sales tax must be paid by the buyer on all retail sales. It is calculated as a percentage of the merchandise subtotal. In most states, food and prescription medicine are exempt from sales tax, as are shipping charges.

Step 4—Calculate shipping charges. You need to decide if you will use U.S. mail or a specific express mail carrier.

Step 5—Add subtotal, tax, and shipping to get the purchase total. This is the amount the customer will pay.

Discussion

Ask students to look at Figure 16.1. Then, ask them to explain what each of the bold columns means: CODE, QTY, PRICE, DESCRIPTION, and AMOUNT. Also, make sure they understand the last six rows of the sales check: SUB TOTAL, TAX, SHIPPING, TOTAL AMOUNT, PAID, and BALANCE.

Caption Answer

You can check your work when you are finished and use a calculator or computer when necessary.

For instructions, ideas, and answer guide, go to The Teacher Center at the Marketing Essentials OLC through glencoe.com.

Ask students how conducting sales transactions could help to reinforce and improve basic math skills.
Credit Card Payment Costs to the Merchant

If your company accepts credit cards, it pays a fee to the bank or agency that handles the billing and record keeping for each card transaction processed. This fee is a percentage of credit sales based on a sliding scale, which means that it varies according to the size of the store account and how the charges are processed.

Suppose your store had Visa sales of $100,000 in one month and that another store had Visa sales of only $2,000 in that same month. Your company would pay a smaller percentage for handling.

Overall, the cost of accepting credit cards typically varies from a low of 1.79 percent for MasterCard and Visa to 3.25 percent for American Express.

How Are Credit Card Payments Processed?

For many businesses, the amount of each credit card sale is electronically deposited in the business’s bank account as the sale is made. A credit card sales check, or receipt, is issued by the cash register. With this procedure, the credit card company deducts its service charge from the customer’s payment and sends the funds to the bank account of the store.

Getting Credit Authorization

While credit cards are a convenient alternative to more traditional forms of payment, some fraud is always possible. Many retail businesses set a floor limit, a maximum amount a customer is allowed to charge to a credit card, to protect themselves against losses due to the use of stolen or fake credit cards. Illicit charges are disputed by the true cardholder and the credit card company, and the store is liable for only the amount of the floor limit.

Most modern cash registers include an integrated credit authorizer. An electronic credit authorizer can also be a device that reads data encoded on credit cards. The sales clerk inputs the amount of the sale into the device. The data are then transmitted to a computer, which returns an approval or a disapproval in less than a minute.

PRACTICE 1: CREDIT CARD FEES

Calculate the impact credit card fees would have on the business described below.

1. At Carol’s Pearls and Stones, Visa sales are usually between $13,000 and $15,000 per month. The Visa handling charge is a sliding scale. For $10,000–$14,999, it charges 3 percent of sales; for $15,000–$19,999, 2.5 percent; and for $20,000–$29,999, 2 percent.

That means that for a purchase of $22,000, Visa collects a 3 percent fee on the first $14,999, a 2.5 percent fee on the next $5,000, and a 2 percent fee on the remaining $2,001. The total Visa collects is $614.99.

a. Carol had $15,500 in Visa sales one month. How much more did she net than if sales had been $14,300?

b. How much would Carol have netted in that month if her shop had done $21,000 in Visa sales?

2. Carol has decided to accept the Diners Club card in her shop. The handling charges are 1 percent higher than those for Visa at each sales level. If Carol had $19,000 in Diners Club sales, how much more would she pay in handling fees than she would have for the same amount in Visa sales?

3. Carol had $13,600 in cash sales, $14,800 in Diners Club sales, and $15,200 in Visa sales one month. What were her net sales after handling charges?

Note: Answers to all practice sets at the Marketing Essential OLC through glencoe.com.
Section 16.1

Develop Concepts

Drawing Conclusions

Recording Credit or Debit Card Sales
To explain the importance of recording credit and debit card sales, ask students to imagine the things that could go wrong with electronic retail transaction recording systems. Answers might include power outages or computer viruses. Ask students what stores should do if their computers are down and a customer wants to make a purchase using a credit or debit card. Reminds students that there are usually three copies of each manually prepared sales check—one for the customer, one for the seller, and one for the bank or credit card agency. The salesperson might use a mechanical imprinter to transfer the customer’s name and account number to the sales slip, or the salesperson might write the information on the sales check by hand.

Demonstrate
Bring to class or create a sample sales slip. Have students work in pairs to record credit or debit card sales by hand. Students can take turns making up their purchases. If carbon paper is available, students can use it to make copies and label each copy: merchant copy, customer copy, and bank or credit card agency copy.

Clarify
Remind students that as salespeople they can help protect their businesses from credit card fraud by checking the customer’s signature on the back of the card.

Critical Thinking

Draw Conclusions
Ask students what advantages they see to using a computerized sales check versus a handwritten sales check. Answers might include that computers are more accurate or faster.

Case Study

Safety in Internet Sales

How can a small business sell products over the Internet and be certain it will be paid? How can a buyer be certain a Web merchant will not misuse credit card information? In the early days of Web marketing, credit card fraud frightened away many buyers and sellers.

eBay and PayPal

PayPal is a system developed in 1998 to provide safe transactions over the Internet. Originally, most of PayPal’s customers were individuals involved in auctions on eBay—the huge Internet auction site. More recently, small online businesses, especially those run by individuals, have been signing up with PayPal. To buy a product from a PayPal client, a purchaser fills out a PayPal registration form, entering credit card and sometimes bank account information. PayPal verifies the information and opens an account for the purchaser.

When someone makes a purchase using PayPal, his or her credit card information is not shared with the merchant. In fact, it is not transmitted over the Web at all, where others might see it. The buyer feels safer making the purchase, and the seller is assured of being paid. PayPal has fraud protection that protects both seller and buyer, making it a more and more popular way to transact business.

Recording Credit or Debit Card Sales

As a salesperson in retail business, you will probably process many credit card sales. Electronic recording of credit card sales is now common and has replaced manually prepared credit card sales checks. There are usually three copies of each manually prepared sales check—one for the customer, one for the seller, and one for the bank or credit card agency. You might use a mechanical imprinter to transfer the customer’s name and account number to the sales slip, or you might write the information on the sales check by hand.

Layaway Sales

Removing merchandise from stock and keeping it in a separate storage area until the customer pays for it is called layaway, or will-call. Layaway appeals to many shoppers and increases sales. The customer makes a deposit on the merchandise and agrees to pay for the

Case Study

Safety in Internet Sales

Discussion
After students have read the Case Study, lead a discussion about why new systems had to be invented to deal with Internet transactions. Expand the discussion by asking students to compare and contrast the pros and cons of purchasing something online with a credit card versus in a store with a credit card.

Think Strategically

Answer: Possible answers may include that the fraud protection is a value-added service worth paying for and/or that the one percent may be less than the amount lost to fraud, when the small business uses other credit card companies.

Online Action!

Go to the Marketing Essentials OLC through glencoe.com to find a research project on Internet sales.
purchase within a certain time period. The customer receives the merchandise when it is fully paid. If not paid for within the agreed-upon time, the goods are returned to stock. The deposit need not be refunded.

### On-Approval Sales

An on-approval sale is an agreement permitting a customer to take merchandise (usually clothing) home for further consideration. Some department and specialty stores extend this special privilege to their regular customers. If the goods are not returned within an agreed-upon time, the sale is final. The customer must then send a check or return to the store to pay for the merchandise. Credit card information may be taken from the customer so that the sale can be processed if the customer keeps the item. This practice is a safe way for retailers to handle on-approval sales because there is much less risk involved.

### Cash-on-Delivery Sales

A cash-on-delivery (COD) sale is a transaction that occurs when a customer pays for merchandise at the time of delivery. Because the customer must receive the merchandise delivery, COD sales are not as efficient as other types of sales transactions.

### Sales Tax

A sales tax is a percentage fee placed by the government on the sale of goods and services. Rates differ from state to state. State taxes are sometimes combined with local charges.

**Who Pays a Sales Tax?**

Sales tax is paid only by the final user, or the individual customer who, in most cases, is also the consumer. It does not apply to goods bought for resale. Consumers pay the cost of sales taxes. A sales tax is a regressive tax. It is assessed at a flat rate that applies to persons of all income levels. Thus, a low-income person and a person with a higher income may pay the same sales tax on the same item, but the lower-income person is paying a higher percentage of his or her income in making the purchase. For this reason, some states exempt certain items, such as food, clothing, or medication from sales tax.

Sales to the U.S. government are never subject to sales tax.

### Sales Tax on the Internet

In the past several years, Internet sales have soared, and some states feel that they should have an easier time collecting tax on these sales transactions include cash, credit or debit card, layaway or will-call, on-approval, COD, returns, exchanges, allowances, sales tax, and shipping charges.

### Critical Thinking

**Sales Tax** Bring in or create a receipt transactions include cash, credit or debit card, layaway or will-call, on-approval, COD, returns, exchanges, allowances, sales tax, and shipping charges.

**Discussion** Lead students in a discussion of the best ways to communicate with bosses about errors. Ask those students who have had jobs to think of times they have talked with their bosses. Review ways to keep conversations friendly and professional.

**THINKING ETHICALLY** Answer: Mark did the right thing. If he had been too afraid of losing his job to talk about it with Richard, then he would have been too afraid of losing his job to talk about it with Richard. If a customer had discovered the tax, how would that have affected Richard’s business?

For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.
### SECTION 16.1

#### ASSESS

#### CONCEPTS

Have students recall the different ways customers may complete a sales transaction and the special requirements of sales people in these transactions. Students should discuss the steps a salesperson goes through to accept cash, checks, credit cards, and debit cards.

#### KEY TERMS

Have students review key terms, their spellings, and definitions in small groups.

#### RETEACH

#### INDEPENDENT REVIEW

**L1** Assign and review Chapter 16 activities in the Student Activity Workbook.

**L2** Assign and Review Chapter 16 activities in the Marketing Math Workbook.

**L3** Assign and Review Chapter 16 activities in the BusinessWeek Reader with Case Studies.

#### ASSESS

#### AFTER YOU READ

Have students complete the Section 16.1 After You Read section review.

#### ONLINE STUDY TOOLS

Have students go to the Marketing Essentials OLC through glencoe.com for the Section 16.1 practice test.

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### Returns, Exchanges, and Allowances

A return is merchandise brought back for a cash refund or credit. Most businesses are happy to make exchanges because they want their customers to be satisfied. (See Figure 16.2.)

An **allowance** is a partial return of the sale price for merchandise that the customer has kept. These are usually given when there is a defect in the merchandise, such as a missing button.

Each of these situations requires a different type of sales transaction. Some businesses adopt a policy of no returns; however, most feel that accepting returns is an important part of good customer relations. Some businesses accept returns but only offer store credit that can be used to pay for other merchandise from the same business instead of a cash refund.

A transaction that involves returning an item for a replacement with the same price is an even exchange.

#### How to Handle Sales Tax in Return or Exchange Transactions

Suppose Duane decides he needs a laptop computer to help him keep up with his studies, but he wants a less expensive one than the one he was given for his birthday. The original computer was priced at $1,149 (excluding sales tax), and Duane wants to exchange it for

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#### Figure 16.2 Refund Slip

Go to the Marketing Essentials OLC through glencoe.com to find a project on refunds.

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#### Discussion

Have students discuss why it is important for businesses to keep track of the reasons items are returned. Answers might include: so that businesses can track which items their customers like and dislike and make orders based on this information, or so that they can check to see if the item is defective in some way, or so that they can help individual customers make better purchases in the future.

**Caption Answer** Store owners want to make sure the customer bought the item at their store and not another similar store. They also want to make sure of the price the customer originally paid for the item and to track inventory.

For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.
**Key Terms and Concepts**

1. What is a sales check? What important information should it include?
2. How do the fees a merchant must pay for accepting credit card purchases compare with the fees for debit card purchases?
3. How do a return, an exchange, and an allowance differ?

**Math**

4. A local department store had a 20 percent off everything sale. If you purchased items at $24.95, $5.95, and $34.99, what would be your total bill, assuming the sales tax rate is 5 percent?

**English Language Arts/Writing**

5. Write an e-mail message to your boss explaining why your company should (or should not) accept credit card purchases over the Internet.

**CONCEPT Problem Solving** Solve problems that arise in mathematics and other contexts.

1. To solve this problem, add the prices of all items purchased to determine total cost.
2. Multiply total cost by the decimal equivalent of 20 percent to determine discount, and subtract that amount.
3. Multiply price of goods purchased after the discount by the decimal equivalent of the 5 percent sales tax to determine cost of sales tax.
4. Add the amount of sales tax to total cost after the discount to determine total cost.

**Practice 2 Answers**

1. $112.35
2. $74.90

**Culminating Activity**

Ask students to recall and provide answers to the following questions:

- What are the primary elements of a sales check?
  - product code, quantity, product, unit price, price, subtotal, tax, shipping, total amount, amount paid, balance

- What are the types of sales transactions?
  - Cash sales, debit card sales, credit card sales, layaway (or will-call) sales, on-approval sales, and cash-on-delivery (COD) sales, returns, exchanges, and allowances.

**Summary**

- A sales check is a written record of a sales transaction that includes such information as the date of the transaction, the items purchased, the purchase prices, sales tax, and the total amount due. A sales check can also contain customer information and details such as the time of the sale and the identity of the salesperson.

- The bank that issues the card charges a flat rate of $.59 per sale, regardless of the amount of sale. Charges for credit card use are considerably higher, 1.79% to 3.25% or more. Merchants accept credit cards because accepting them increases sales up to 40%.

- A return is merchandise brought back that generates a refund or credit to the buyer. An exchange is merchandise brought back and replaced by other merchandise. An allowance is a partial return of the sale price for defective merchandise that the buyer chooses to keep.

**Academic Skills**

4. $55.35; ($24.95 + $5.95 + $34.99) ÷ .80 = $52.71; $52.71 + ($52.71 × .05) = $55.35
5. E-mails should include discussion of increased sales as well as increased costs.
Bring several empty boxes to class to serve as “cash drawers.” Create or have on hand “play” coins and currency, enough to constitute an opening cash fund and enough additional money for students to use for simulated purchases.

- Have students count out the opening cash funds for each drawer. Suggest $75 or $100 in coins and currency.
- Model how students should place coins and currency in the drawer in appropriate order. Identify where checks, food stamps, and coupons would go.
- Have students work in groups to set up their drawers and practice cash payments.

**Preteaching**

**VOCABULARY**

**KEY TERMS** Ask for a volunteer to read each of the key terms aloud as each student writes them on a sheet of paper. Write the terms on the board. Then have students guess at the meaning of each. Write their guesses next to each term to let students see how close their guesses were to the actual definitions as they work through the chapter.

**ACADEMIC VOCABULARY** Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

**GRAPHIC ORGANIZER**

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

**ACADEMIC STANDARDS**

English Language Arts
NCTE 1. Read texts to acquire new information.

Science Standards
NSTA Content Standard E Science and Technology: Abilities of technological design

**Reading Guide**

**Before You Read**

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

**Objectives**

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

**Key Terms**

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

**Academic Vocabulary**

You will find these words in your reading and on your tests. Make sure you know their meanings.

- automate
- concentrate

**Cash Registers and Their Main Functions**

After the sale of a product or service is finalized, we say the sale is “closed.” For accounting and tax purposes, a closed sale must be recorded. In most businesses, cash registers can perform this function.

All cash registers, from the simplest to the most complex, perform three basic sales transaction functions:

**Graphic Organizer**

Draw this chart to list three methods of entering information into an electronic cash register and three safeguards against theft.

**Graphic Organizer Examples**

1. Methods of Entering Information
2. Methods of Entering Information
3. Methods of Entering Information
1. **Recording sales** Cash registers provide a convenient way to enter information about a sale. This usually includes the department, the type of transaction, the salesperson, the amount of the sale, and the form of payment (cash, credit card, gift certificate, etc.). The salesperson also enters the amount of money given by the customer, and the cash register computes the amount of change that the customer receives.

2. **Storing cash and sales documents** Cash registers provide a convenient, organized way to keep cash, personal checks, credit sales checks, and refund slips. Coupons and other sales-related documents may also be kept in the cash register drawer.

3. **Providing receipts** Cash registers automatically provide a receipt for the customer. This is the customer’s record of the sale and proof of payment.

**The Electronic Cash Register**

Many businesses today utilize sophisticated electronic cash registers that perform multiple functions in addition to the three basic functions. These may include (1) figuring sales tax, (2) calculating discounts, (3) subtracting and crediting returns, (4) determining the amount due back to the customer, (5) tracking inventory, and, in some instances, even (6) automatically reordering stock.

**Entering Data Into an Electronic Cash Register**

Sales transaction data are entered into an electronic cash register in several ways:

- **Optical scanning** Supermarkets and other retailers, such as home improvement centers and discount chains, have improved their efficiency in recording sales transactions by installing optical scanners at checkout counters. Salesclerks drag items across the scanner so it can read the bar codes on the product packaging. If the scanner cannot read the code, the salesclerk must key the information manually.

- **Electronic wand entry** Many retailers (especially department and clothing stores) use electronic wands to enter sales transactions. The salesperson moves the point of the wand across the data printed on a tag attached to the article sold.

- **Manual key entry** Even with electronic cash registers, some businesses have their salespeople enter sales transactions manually, often by keying in a Universal Product Code (UPC) using the register keys. All registers provide a numeric keyboard for entry in case other input devices do not function properly.

**Universal Product Codes**

A **Universal Product Code (UPC)** is a combination bar code and number used to identify a product and manufacturer. Every item a manufacturer sells must have a different item number. For example, different sizes of the same garment and different size containers of the same product must have distinct UPC codes.

UPCs have two parts: the machine-readable bar code and the human-readable UPC number. Bar codes, consisting of a series of vertical bars, are symbols printed on tags or on product packaging. The UPC number is the series of digits above or below the bar code.

The last number of the code is a check digit based on all the other digits: Every time a scanner reads an item, it uses a formula to calculate the check digit. If the check digit it calculates does not match the check digit it reads, the scanner signals that the item needs to be rescanned. After the coded information is scanned and entered into a register, it can be transferred to a computer for further processing.

Many electronic cash registers are linked to computers as part of a POS (point-of-sale) system. Using the data, the computer can update inventory records with each sale and automatically reorder items in short supply. It can store customer information and make it available for marketing or credit-check purposes. It can also be kept in the cash register drawer.

**Answers will vary but could include the following:** The risk of getting a counterfeit bill increases with larger bills, such as $50s and $100s. Accepting larger bills forces you to keep more change in the cash drawer, which is a security risk. Mandating that only smaller bills be accepted is an employee theft deterrent, because it’s easier for the management to keep track of a smaller amount of money in the till.

**Discussion Starter**

**CASH REGISTERS AND THEIR MAIN FUNCTIONS**

Have students speculate about why some stores and other businesses will not accept currency larger than $20 bills.

**Clarify** During discussion, note that not accepting larger bills may be unpopular with customers. Business owners must weigh the importance of customer satisfaction with guarding against theft.

**Extend** Invite a representative from your local police department or a security company to talk to students about safety precautions one might take when dealing with cash in a public venue, such as a retail store.

**Virtual Business**

Introduce security to students using Knowledge Matters’ Virtual Business Retailing visual simulation, Security. In this simulation, students learn that proper placement of goods can reduce losses from theft.

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**Extended Activity**

**Universal Product Code**

Have students consider an item they bought either for themselves or a friend and share examples. Choose one of these examples and ask students to list all the information the UPC for that item should include. Answers may include the name of the item itself, the size of the item, and the color of the item.
SECTION 16.2

Develop Concepts

Guided Practice

The Cash Drawer

1. Have students generate a list of five purchase amounts and corresponding amounts tendered. Then have students calculate the amount of change given. For example, if the purchase is $14.49, the customer might tender $20.50.

2. Tell students that at the end of the working day, you must balance the cash drawer. Ask students to list what you need to do to make sure you have the right amount in your cash drawer.

This procedure involves totaling all the cash, checks, and credit slips in the drawer and then subtracting the opening cash fund and any refunds given to customers. The result is the day’s receipts. If this figure matches the total on the register tape, the drawer is balanced.

Role Play Have students perform role play where one student is a sales associate and one student is a customer. The sales associate should convince the customer to open a store credit account.

Expand Explain that a store’s receipt for the day is not equal to the amount of profit for the day. Explain that the money taken in is off set by the money expended on the products, the employees, and the cost of keeping the store open—rent, electricity, water, etc.

Current Trends

Several new trends have emerged and are changing the way business sales transactions are conducted and recorded. Several retailing chains have begun to offer their customers the option of using a self-service checkout. In a self-service lane at a typical grocery store, customers scan their own merchandise and weigh their own produce. They then enter payment in a self-service cash register, which allows them to pay with cash or via credit or debit card.

Integration of Point-of-Sale Information

A point-of-sale system combines a cash register with a computer, making it possible to capture information about the transaction at the time of the sale, then apply it to different functions. POS information is now used to trigger replenishment of stock and manufacturing of replacement merchandise.

For example, suppose that on a Saturday afternoon at a store in Atlanta, Georgia, a teenager purchases a plaid skirt, size 8. The clerk processes the transaction at a POS terminal. On the following Monday afternoon, in Hong Kong, a computer technician downloads the information about the sale. On Wednesday, a factory worker in Hong Kong, pulls the same size skirt off the assembly line and boxes it to be shipped to Atlanta. All this happens automatically without anyone at the Atlanta store having to order a replacement.

The Cash Drawer

Currency and checks collected in sales transactions are deposited in the till. The till is the cash drawer of a cash register.

Cash Drawer Arrangement

Usually, the till has ten compartments—five in the back and five in the front. Although some companies vary the arrangement, bills are usually kept in the back of the drawer and coins in the front.

In the section for bills, the first compartment on the left often remains empty. It is reserved for checks or other special items. The second compartment contains $20 bills, the third $10 bills, and the fourth $5 bills. The last compartment on the right is for $1 bills. If a customer uses a larger bill, such as a $50 or a $100, many companies require that it be checked with a head cashier or a manager prior to being placed under the tray, where it is more secure.

In the section for coins, the first compartment on the left is used for silver dollars and half-dollars. The next compartment is for quarters, the following one for dimes, and the one after that for nickels. The last compartment on the right is for pennies.

This arrangement facilitates making change because the bill and coin compartments are related and in descending order of value. Each pair has at least one digit in common. The $20 bills are behind the quarters ($0.25). The $10 bills are behind the dimes ($0.10). The $5 bills

Extended Activity

Keeping Cash Safe

Have students research safety measures for transporting money from a store safe to the store cash register. For example, some stores only transport large amounts of cash when the store is closed and locked. Some use a pneumatic tube or a one-way drop box. Other students might research techniques con artists use at the cash register. For example, a common strategy is to ask unsuspecting cashiers, “Can I have change for a $5 bill?” Once change is given, another request is made and then another. By the time the requests are finished, the con artist is richer, and the clerk may not even realize there is a problem until the drawer is balanced. Have students share the results of their research in class.
are behind the nickels ($0.05), and the $1 bills are behind the pennies ($0.01).

**Opening Cash Fund**

At the beginning of each business day, the manager or other designated person provides a limited amount of money for the cash register, which is called the **opening cash fund**. This fund consists of the coins and currency, or bills, designated for the register for a given day’s business. To verify the fund, the assigned person first counts the coins and places them, one denomination at a time, in the correct compartment; then he or she does the same with the currency.

As the coins and currency are counted, the amount is written down and then checked against the amount planned for the register. The change fund is even when the two amounts match exactly. When there is more than planned, the fund is over. If there is less than planned, the fund is short. An opening cash fund that is short or over should be reported immediately to the person who supplied the money so that it can be corrected or accounted for prior to the start of business transactions for that day.

**Making Change**

A salesperson who handles a large number of cash transactions may run short of certain denominations during the business day. Check your cash drawer during any downtime you have to see if you need any bills or coins, and request the change then. This procedure can prevent delays when customers are waiting for service.

**Method 1: Making Change with a POS System**

A POS system with a customer display makes it easy to count the correct change due the customer. You simply need to count out the change shown on the display. Begin with the largest denomination when using this type of machine. When the register displays $3.35 due the customer for a $16.65 purchase, select the change from the cash drawer.

**Beyond Bar Codes**

**Discussion**

Tell students that as radio frequency identification becomes more common, it will be necessary to have rules and policies governing the use of the information gathered. Ask students what restrictions might be helpful in protecting privacy.

**THINK LIKE A MARKETER**

**Answer:** RFID could increase distribution efficiency, making for more accurate inventory control. They could also help market researchers link the purchase of a product to specific customers and develop a profile of a typical buyer. Information about our personal tastes and decisions can guide advertising decisions and increase sales.

**Online Action!**

For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.
PRACTICE 3: MAKE CHANGE

How would you make or arrange for change in the following situations using the smallest number of bills and coins possible?

1. A customer gives you a $50 bill and a coupon worth $1 off one item to pay for a $23.19 purchase. What change would you give her?
2. A customer is buying two CDs that total $25.09, including tax. The smallest bills he has are two $20 bills, and he does not want too much change back. What is your response?
3. A customer gives you $30.25 for a $21.25 purchase. How would you count back the change?
4. You are a cashier at Caldwell Drugstore, and a customer gives you $10.75 to pay for a purchase of $3.55. Count the customer’s change back to him. Why did he give you the change along with the $10 bill?

5. Count aloud when handing the change to the customer. Say, “That’s $16.65 out of $20. $16.75 (giving the customer a dime), $17 (giving a quarter), $18, $19, and $20 (giving three $1 bills, one at a time).”

Many customers avoid accumulating small change by tendering an odd amount of change to pay for their purchases. A customer might give you $20.39 for a sales total of $18.39. You would use the $.39 to cancel the “odd cents” of the sale and give change for the $20 bill. The same customer might also tender $20.50, in which case you would count the odd cents first, starting at $18.39.

Sales Tally
Salespeople and cashiers who use a cash register must account for the day’s sales and money at closing. This process goes by a number of names, including balancing the cash and balancing the till.

Most cash registers automatically keep a sales tally, or summary of the day’s sales. This makes the job of balancing the cash much simpler. The person responsible for each register counts the money and fills out a brief closing balance report. Then he or she removes the tape from the cash register and sends the money, report, and tape to management.

Safeguards Against Theft and Counterfeiting
Every employee who uses a cash register should be familiar with some safeguards

by taking out three $1 bills, a quarter, and a dime. The customer knows from the display what change is due; so all you need to do is say aloud “$3.35” as you hand the change to the customer.

Method 2: Making Change Without a Customer Display Screen
If your 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. In doing this, be thorough and accurate, and follow these five steps:

1. Once the transaction has been entered in the cash register, announce to the customer the total amount of the sale. You might say, “That will be $16.65.”
2. Announce the amount tendered when the customer offers payment in cash, saying, for example, “Out of a $20 bill.”
3. Place the $20 on the cash drawer ledge and leave it there until you have given change to the customer. This eliminates most disputes over amount tendered.
4. Count silently while removing change from the cash drawer. The most common method is to count up from the purchase price, taking out smaller denominations of coins and currency first. Use as few coins as possible in making change for a customer.

INDEPENDENT REVIEW

L1 Assign and review Chapter 16 activities in the Student Activity Workbook.
L2 Assign and review Chapter 16 activities in the Marketing Math Workbook.
L3 Assign and review Chapter 16 activities in the BusinessWeek Reader with Case Studies.

AFTER YOU READ
Have students complete the Section 16.2 After You Read section review.

ONLINE STUDY TOOLS
Have students go to the Marketing Essentials OLC through glencoe.com for the Section 16.2 practice test.

PRACTICE 3 ANSWERS

1. One penny, a nickel, three quarters, two $1 bills (or a $2 bill), a $5 bill, and a $20 bill.
2. Ask if the customer has $.09 in change or at least a dime.
3. By disregarding the exact change provided, the cashier is less likely to get confused. Disregard the $.25 and simply say, “That’s $21 out of $30; twenty-two, twenty-three, twenty-four, twenty-five [counting back four $1 bills, one at a time], and $30 [giving back $5].”
4. “That’s $3.55 out of $10.75; $.65, $.75 [handing back two dimes],” then say, “That leaves $3 out of $10; $4, $5 [handing back two $1 bills], and $10 [handing back a $5 bill].” By tendering the $.75, the customer reduces the amount of small change to be returned to him.

5. Count aloud when handing the change to the customer. Say, “That’s $16.65 out of $20. $16.75 (giving the customer a dime), $17 (giving a quarter), $18, $19, and $20 (giving three $1 bills, one at a time).”

Many customers avoid accumulating small change by tendering an odd amount of change to pay for their purchases. A customer might give you $20.39 for a sales total of $18.39. You would use the $.39 to cancel the “odd cents” of the sale and give change for the $20 bill. The same customer might also tender $20.50, in which case you would count the odd cents first, starting at $18.39.

Sales Tally
Salespeople and cashiers who use a cash register must account for the day’s sales and money at closing. This process goes by a number of names, including balancing the cash and balancing the till.

Most cash registers automatically keep a sales tally, or summary of the day’s sales. This makes the job of balancing the cash much simpler. The person responsible for each register counts the money and fills out a brief closing balance report. Then he or she removes the tape from the cash register and sends the money, report, and tape to management.

Safeguards Against Theft and Counterfeiting
Every employee who uses a cash register should be familiar with some safeguards
against the theft of money. The first rule is to always close the cash drawer between transactions. While you are counting change, partially close the drawer. Remove the money tendered by the customer from the register ledge after giving change. You should always lock the register if you leave it.

A customer may interrupt you while you are counting change. It is best to ignore the interruption. You need to concentrate to avoid making incorrect change. You can respond politely once the transaction has been completed.

Counterfeit bills show up in most cities, and it is important that cashiers routinely check all currency, particularly larger denominations, such as $20, $50, and $100 bills.

The best way to guard against counterfeit money is to become very familiar with U.S. currency. Every company should have printed information on how to identify counterfeit currency. Every employee should be able to identify counterfeit money.

New Currency Design
From time to time, changes are made to the design of U.S. currency to prevent counterfeiting. To make the currency more difficult to reproduce, in the late 1990s the U.S. Department of the Treasury redesigned most denominations with new security features. The redesigned bills include a polymer thread embedded vertically in the bill, concentric fine-line printing, a watermark, color-shifting ink, and an enlarged, off-center portrait. Beginning in 2003, subtle green, peach, and blue colors were featured in the background of $20 bills. The $5, $10, $50, and $100 bills were similarly redesigned. All the older bills will retain their value as long as they are in circulation.

Key Terms and Concepts

1. What are three functions of all cash registers and POS terminals?
2. A customer gives you a $50 bill for a purchase of $34.29. Describe two ways to make change.
3. What is the Universal Product Code?

Academic Skills

Math

4. The Big 12 Sports Mart sold 20 baseballs and 10 bats to a Little League team. The price for baseballs is $4.25 each and for bats is $17 each. Tax on sales is 7 percent. What is the total cost for the team?

Social Studies/History

5. Research and write about the development of digital scanning technology.

Find answers at the Marketing Essentials OLC through glencoe.com.
BELLRINGER ACTIVITY

Give groups of students a blank purchase order and an office supply catalogue site. Tell students to imagine they work in a marketing office of five employees. They are out of copy paper, file folders, pens, and notebooks. Ask students to fill out a purchase order to replace supplies for a month. Emphasize that while there are reasonable and unreasonable purchase amounts, there are no right or wrong answers. The main point is to discover how to fill out a purchase order.

Preteaching

VOCABULARY

KEY TERMS  Ask students to predict the meaning of the key terms.

ACADEMIC VOCABULARY  Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB connects academic correlations to book content.

Reading Strategy

Analyze Words  Preview the following words by reading them in context in the Purchase Order section:

- vendor  seller, provider of a service
- extension  increase in length or time

Discuss the meaning of these words with the students.

BEFORE YOU READ

Predict  What do you already know about purchase orders and invoices?

OBJECTIVES

- Prepare purchase orders and invoices
- Explain delivery terms

KEY TERMS

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

ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

- overseas
- tradition

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.

GRAPHIC ORGANIZER

Draw this chart to list the six types of information needed to complete a purchase order or invoice.

<table>
<thead>
<tr>
<th>Information Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order</td>
</tr>
<tr>
<td>Invoice</td>
</tr>
<tr>
<td>Item number</td>
</tr>
<tr>
<td>Quantity</td>
</tr>
<tr>
<td>Price</td>
</tr>
<tr>
<td>Terms for delivery</td>
</tr>
<tr>
<td>Free-on-board (FOB)</td>
</tr>
</tbody>
</table>

Go to the OLC through glencoe.com for printable graphic organizers, Academic Vocabulary definitions, and more.

ACADEMIC STANDARDS

English Language Arts  NTE 1  Read texts to acquire new information.
Social Studies  NCSS 7  Production, Distribution, and Consumption: understanding key economic concepts and processes

Purchase Orders

When a buyer for a business purchases supplies or merchandise from another business (business-to-business sale), the first step in the process is to prepare a purchase order. For vendors—those who sell to other businesses—the equivalent form is the invoice. The calculations for both forms are very similar to those performed by retail salespeople on sales checks.

A purchase order (PO) is a legal contract between the buyer and the supplier. This document lists the quantity, price,
and description of the products ordered, along with the terms of payment and delivery. In Figure 16.3, notice the information routinely included in a purchase order:

- **Item number** The vendor’s catalog designation for the merchandise ordered
- **Quantity** The number of units ordered
- **Description** What is being ordered
- **Unit** How the item is packaged and priced (individually, by the dozen, by the ream, etc.)
- **Unit cost** The price per unit
- **Total** The extension, or the result of multiplying the number of units by the cost per unit

Note that if you order several items on the same PO, the total of all extensions is entered at

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**Figure 16.3** *Purchase Order*

*A Legal Document* A purchase order is a legal contract between a buyer and a seller.

**How would you determine the extension cost of an item from the unit cost?**

---

**Discussion** After students have read Figure 16.3, ask volunteers to name and give the purpose of each element of the purchase order as you list them on the board.

**Caption Answer** You can multiply the number of units by the unit cost to determine the extension cost.

---

**Develop Concepts**

**Invoices** Ask students how one business gets another business to pay for services. Explain that an invoice is an official request for payment. Many businesses will not pay another business unless they receive a formal invoice, even if they know that services have been rendered. Even a personal phone call is not enough. Have students provide reasons why invoices are so important. They should mention that an invoice is the only official written record of the request for payment, the payment amount, and the date due.

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**Arrangement**

Arrange to have a member of the school staff who deals with ordering supplies, books, or food products for the school talk to the class about the steps involved in creating a purchase order.
SECTION 16.3

CONCEPTS
1. Ask students to recall the parts of a purchase order. Item number, quantity, description, unit, unit cost, and total including extensions.
2. Have students also restate the primary difference between a purchase order and an invoice. A purchase order is used by the buyer to request an item or service. An invoice is used by the seller to request payment for an item or service.

KEY TERMS
Have students review key terms, their spellings, and definitions in small groups.

INDEPENDENT REVIEW
L1 Assign and review Chapter 16 activities in the Student Activity Workbook.
L2 Assign and review Chapter 16 activities in the Marketing Math Workbook.
L3 Assign and Review Chapter 16 activities in the BusinessWeek Reader with Case Studies.

AFTER YOU READ
Have students complete the Section 16.3 After You Read section review.

ONLINE STUDY TOOLS
Have students go to the Marketing Essentials OLC through glencoe.com for the Section 16.3 practice test.

PHOTO GUIDE • FAST DELIVERY

Discussion Lead a discussion about the pros and cons of using overnight delivery services. Point out that, while overnight delivery can be expensive, this service pays off in efficiency and speed. Challenge students to think of ways the Internet might be used in place of overnight delivery. Students may suggest E-mail, file transfer programs and .ftp sites, applications that allow you to operate a computer from a remote location.

Caption Answer The drop-off box provided convenience and ease of transaction.

Follow Up Have students research and compare at least two companies’ rates for overnight delivery for a typical letter or document.
SECTION 16.3

CULMINATING ACTIVITIES

1. Accurate recording is an important part of tracking purchases for both vendors and customers. Ask students to research a company of their choice and write a one-page summary on how that company issues invoices and purchase orders.

2. Have students complete the following statements:

• Much of the math that a buyer does is for ______ .
• Much of the math that a vendor does is for ______ .

Extended Activity

Purchasing Orders and Invoices

Bring in a copy of a purchase order a department of the school has recently sent. Show students how the vendor would be likely to fill out the invoice. If possible, also show copies of actual invoices the school has received. Then, have students work in groups to create invoices for the purchase orders they created previously. When finished, have students discuss anything that was difficult about writing out the invoices.

Key Terms and Concepts

1. In business-to-business sales, who issues a purchase order (PO)? An invoice?
2. Define extension and explain its calculation on a purchase order.
3. What do the terms 2/10 net 30 mean?
4. Calculate the extensions for these purchases: 30 reams of printer paper at $5.95 each, 36 pens at $2.20 each, and 24 printer cartridges at $3.20 each.

Academic Skills

Math

Compute fluently and make reasonable estimates.

• To solve this problem, multiply the number of items purchased by the price of each.

English Language Arts/Writing

5. You are the buyer for a company that sells computer games. Your boss has asked you to prepare a new slogan and logo to appear on the company purchase orders. Make a sketch.

Find answers at the Marketing Essentials OLC through glencoe.com.
When you are using email, people cannot see your facial expressions or hear the tone of your voice. Therefore, it is very important to make sure that the words you write are friendly and extra polite.

For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.
CHAPTER 16 REVIEW

FOCUS on KEY POINTS

SECTION 16.1

Several types of sales transactions include cash sales, debit card or credit card sales, layaway sales, on-approval sales, COD sales, returns, exchanges, and allowances. Sales tax and shipping charges are added to the total price of products sold.

SECTION 16.2

Most retail businesses use electronic cash registers to record sales transactions. Many registers are linked to computers as part of a point-of-sale (POS) system. Electronic cash registers display the amount of change to be returned to the customer. Other cash registers do not display the amount of change. There are two ways to count change.

SECTION 16.2

To place an order, most companies prepare a purchase order. A purchase order includes the item number, quantity, description, unit, unit cost, and total (or extension) for each item ordered. When filling an order, a vendor prepares an invoice with the delivered merchandise.

REVIEW VOCABULARY

1. On a sheet of paper, use each of these key terms and academic vocabulary words in a written sentence.

Key Terms
- sales check (p. 335)
- layaway (p. 338)
- on-approval sale (p. 339)
- cash-on-delivery (COD) sale (p. 339)
- sales tax (p. 339)
- allowance (p. 340)
- Universal Product Code (UPC) (p. 343)

Academic Vocabulary
- point-of-sale system (p. 344)
- bill (p. 344)
- opening cash fund (p. 345)
- purchase order (PO) (p. 348)
- invoice (p. 350)
- terms for delivery (p. 351)
- free-on-board (FOB) (p. 351)

2. What are the various types of retail sales transactions? (16.1)

3. Name and explain sales checks. (16.1)

4. What is the arrangement of currency and coins in a cash register drawer? (16.2)

5. List two ways to make change. (16.2)

6. Define Universal Product Code (UPC). (16.2)

7. What are two rules for safeguarding money at the cash register? (16.2)

8. What are terms for delivery? (16.3)

9. What is a purchase order? (16.3)

10. List the six things typically found on a purchase order. (16.3)

11. What does FOB stand for? (16.3)

12. cash, credit or debit card, layaway or will-call, on-approval, COD, returns, exchanges, allowances, sales tax, and shipping charges

13. A sales check is a written record of a sales transaction that includes such information as the date of the transaction, the items purchased, the purchase prices, sales tax, and the total amount due. It is valuable to a customer as an itemized receipt. In its most complete form, a sales check can contain customer information (name, address, and phone number) and details such as the time of the sale and the identity of the salesperson.

4. Bills are kept in the back compartments, coins in the front. Denominations are arranged from larger to smaller, moving from left to right.

5. Counting up from the purchase price to the amount tendered, starting with the smallest denomination. When using the cash register display of change due, counting down from the largest denomination to the amount displayed.

6. A Universal Product Code (UPC) is a combination bar code and number used to identify a product and manufacturer.

7. Two rules for safeguarding money at the cash register include closing the cash drawer between transactions, and locking the register if you leave it.

8. Terms for delivery refers to the final delivery agreement between the buyer and the seller. Examples may include FOB destination, FOB shipping point, FOB factory freight prepaid, or FOB destination charges reversed.

9. A purchase order is a legal contract between the buyer and the supplier.

10. item number, quantity, description, unit, unit cost, total

11. free on board

See the Glossary at the back of this book for definitions of Key Terms. Academic Vocabulary definitions are on the book’s OLC.

i. Sample answers might read:

Key Terms Terms for delivery clarify who will pay for delivery and when the change of title (ownership) will take place.

Academic Vocabulary Transfer means to convey from one person, place, or situation to another.
12. **Workplace Skills**
   
   **Interpersonal Communication** You work as a cashier, and today has been exceptionally busy. You give change to a woman for a $10 bill. She claims she gave you a $20 bill. Unfortunately, you neglected to leave the bill out while making change. How would you handle this situation?

13. **Technology Applications**
   
   **Internet Search** You work as a cashier in a children’s clothing store where an older cash register requires entering the amount of each sale by hand. The owner of the store has asked you to research what POS systems would be appropriate for the store and how much these systems cost.
   
   Use the Internet to do this research. Then use a word processing program to prepare a report.

14. **Math Skills**
   
   The total cost of the merchandise is $6,104.88; (144 × $17.85) + (72 × $16.99) + (72 × $20.80) + (36 × $22.60) = $6,104.88

15. **English Language Arts/Writing**
   
   **Sales Transactions** Retail stores have different ways of making sales transactions. Some only accept cash, while others only allow purchases to be made with a credit card or check. Research how stores where you shop conduct sales transactions. Write a three- or four-paragraph essay about what you learn. Include which method of payment is preferred and why others are not preferred.

16. **Evaluate the Benefits of Technology**
   
   The Universal Product Code (UPC) system was first used by grocery stores to speed checkout and help them keep track of their inventory. Why do you think other retailers were so willing to adopt the system? What benefits does it provide them?

17. **Comparing Purchase Order and Invoice Forms**
   
   Ask several local businesses for copies of their purchase orders and invoice forms. Explain to the business owners that you are requesting this information in order to complete a class project. You might also ask about any available information regarding the use of these forms.
   
   **Activity** Use a spreadsheet program to compare the formats based on ease of use.

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**Formative Assessment**

Formative assessment is an essential component of classroom work. This type of assessment provides information that is then used as feedback to modify teaching and meet student needs.

- **L1** Have students write or demonstrate all of the steps of the two methods of making change.
- **L2** Have students write a narrative description of two different types of sales transactions. One should be a sale to an individual customer, and one should be a business-to-business sale.
- **L3** Have students create a fictional sales check, purchase order, and invoice.

**Reteach**

If the results of this formative assessment seem low, consider the following activity:

Read each of the key terms aloud. Have students define the key terms and use them in a sentence. Clear up any confusion students may have.
18. Evaluating Effective Internet Selling

Research how easy it is to purchase items on the Internet. Also research the privacy protection for Internet purchases. Choose three e-tailers that interest you and focus your research on their sites.

Write a brief report detailing your findings, focusing on the strategies you thought were most successful.

Role Play
Pharmacy Cashier

Situation Assume the role of cashier at a locally owned pharmacy. In addition to prescriptions, the pharmacy sells the usual array of over-the-counter medications, greeting cards, magazines, and snack food items. Prescriptions are paid for at the pharmacy counter, and most of your sales transactions are paid for in cash or by check. A new cashier (judge) will begin work today. The store manager has asked you to help train the new cashier (judge).

Activity You are to explain the procedure for verifying the opening cash fund and for making change. You should include in your explanation the placement of customer checks in the register till.

Evaluation You will be evaluated on how well you meet the following performance indicators:
- Prepare cash drawers/banks.
- Accept checks from customers.
- Describe the use of technology in the selling function.
- Orient new employees.
- Demonstrate orderly and systematic behavior.

STANDARDIZED TEST PRACTICE

1. Directions Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.
What would the price be if a $36.00 item was sold with a 15 percent discount?
A $5.40
B $30.23
C $30.60
D $41.40

2. Directions Choose either True or False as the answer. Write the letter for the answer on a separate piece of paper.
An invoice is a legal contract between the buyer and the supplier.
T F

For more information and DECA Prep practice, go to the Marketing Essentials OLC through glencoe.com.

MINI-QUIZ

Read these sentences aloud and have students volunteer the missing words.

1. Coins and currency designated for the register for a given day’s business are collectively called the _____ (opening cash fund)

2. The _____ is the maximum amount a salesperson may allow a customer to charge without getting special authorization. (floor limit)

3. A(n) _____ is a legal contract between the buyer and the supplier. (purchase order)

For an expanded chapter quiz, go to Chapter 16 in the TeacherWorks™ Plus DVD and to Chapter 16 in the ExamView Assessment Suite.
SET-UP
Discuss the basic background to make sure students understand the simulation. Ask students: What could be on the promotional CDs and DVDs? Answers may include movie-related products, previews for upcoming films, and promotional pieces (such as music videos).

PROCEDURES
You may want to list procedures on the board and talk about any questions the students might have. Remind the students that a suggested outline for their project is available at the Marketing Essentials OLC through glencoe.com.

TIME MANAGEMENT
Set goals, block schedules, and milestones. Assign interim deadlines for each step of the project.

ASSESSMENT
The rubrics for evaluation of the written, oral, and computer presentations are available at the Marketing Essentials OLC through glencoe.com.

Selling: LidRock Sales

BASIC BACKGROUND
LidRock sells soft-drink lids that hold mini CDs and DVDs. The current target markets include movie theaters, fast-food chains, and convenience stores—anywhere fountain soft drinks are sold. The content may include songs by popular artists, movie clips, video games, and computer screen savers, as well as special offers by advertisers, such as Internet service providers and companies that target the demographic that purchases soft drinks.

Extra Costs
LidRock charges about 70 cents for each lid. The pizza and pasta chain Sbarro has been selling soft drinks with CD lids since 2003 for $1.50 extra, depending on drink size and what’s on the CD. Regal Cinemas haven’t raised the price for drinks with CDs and DVDs.

YOUR OBJECTIVE
Your job is to design a Web-based presentation to sell the lid-tops with CDs and DVDs to businesses that would be interested. Since travel is expensive, the Web-based presentation must include all the steps of the sale, as well as tips for selling them at the retail level and recommendations for CD and DVD content.

TIME MANAGEMENT
Set goals, block schedules, and milestones. Assign interim deadlines for each step of the project.

ASSESSMENT
The rubrics for evaluation of the written, oral, and computer presentations are available at the Marketing Essentials OLC through glencoe.com.

READ to WRITE

Explain New Marketing Media
Explain to students that CDs and DVDs are exceptional marketing tools because of their inexpensiveness and compactness. Ask students to research new media formats that companies might use for marketing purposes and to summarize their findings in a one-page report. To facilitate their assignment, you might ask students how independent musicians use new marketing tools to spread the word about their music even though they do not have big entertainment conglomerates backing them. You might suggest they resort to utilizing Web blogs, fan-based Web pages, online shared music playlists, and so on.
• **Develop the presentation** Identify three prospective customers and the CDs or DVDs that you would suggest for each one. Begin the written script for LidRock’s Web-based sales presentation with an appropriate and attention-getting approach. Explain how the product should be depicted. Anticipate objections and prepare suggested responses. Provide methods for closing the sale. Offer ideas to convince customers, such as an on-going partnership or creating a related promotion. Include ideas for training counterpersons selling the fountain drinks.

• **What your project should include** Design the Web-based presentation using computer presentation software. It should be interactive and visually interesting, and use sales techniques.

**YOUR REPORT**

Use a word processing program to prepare a written script to accompany the Web-based computer presentation software for the Web-based presentation and your oral presentation to our client. See a suggested outline and key evaluation points at the *Marketing Essentials* OLC through glencoe.com.

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**Unit Review**

Now that students have completed the chapters in Unit 5, ask them to review their answers to the Analyze the Ad questions on page 256. Would they answer them differently? Why or why not?

Have students brainstorm ways of evaluating salespeople based on the key principles learned for each step of the selling process. Ask them to organize and compile their standards into a small one- to four-page guidebook.

**STEP AHEAD**

Ask students to compare and contrast marketing, selling, and promoting. Ask them to consider the concepts, methods, and goals of each.

**Internship Wrap-Up**

Ask the class to ponder how content on CD-ROMs or DVDs sold to coffee drinkers might differ from those sold to soda drinkers. They should consider if the coffee-drinking market is different from the soda-drinking market. They may suggest that coffee drinkers are an older, business-related audience; the popularity of coffee drinks makes the idea worth pursuing. Have students develop a sample ad for both markets. Encourage students to use graphic design software or art materials to create their ads.

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**Build Your Portfolio**

Explain to students that portfolios provide evidence of their knowledge and skills in working with data, people, and concepts. Developing a portfolio is a valuable career tool. Point out to students who complete technology-related work to present their portfolio online or on disc. Encourage students to check the portfolio information available at the *Marketing Essentials* OLC through glencoe.com.

**Peer Review**

Fellow students who share common interests can serve as reviewers of the final portfolios. This review can be completed through the use of a checklist. Go to the *Marketing Essentials* OLC through glencoe.com to find a suggested checklist.