

# windowswear

## LESSON MODULE

Value versus Worth, Percentage Mark-ups

**Length:** 1-2 weeks (5-10 classes)

**Level:** Intermediate High School (grades 10-12)

**Keywords:** value, worth, percentages, keystone mark-up, mark-down, margins, profit

*This course could be implemented into the following courses:*

Math

Economics

Statistics

Social Studies

Fashion Merchandising

Marketing / Communications

### **Overall Objective/Target:**

This lessons teaches students how to recognize the differences between value and worth, and how brands mark-up products using percentages. By the end of this lesson module, students will be able to successfully:

1. Define the terms value and worth, COG, FOB, LDP, wholesale and retail,
2. Describe how brands make a profit at key levels of the supply chain,
3. Demonstrate how worth is created,
4. Execute a basic mark-up and mark-down procedure using “keystone” percentages.

### **Overall Assessment:**

Students will be required to complete the “Value Worth” assignment presented below. This assignment, will assess their ability to discern the differences between value and worth, to mark-up and mark-down products using percentages, and to develop a written and visual plan on how best to add worth to a product.

### **Overall Direct/Explicit Instruction:**

This lesson module will be taught using the following methods in order to achieve overall lesson objectives.

1. Lecture using WindowsWearPro visual
2. Visit local shopping mall, center, main street (class or individual visit)
3. In-class individual and group work
4. Quizzes

**Overall Student-Centered Activities:**

Students will be engaged in evaluating/synthesizing information related to the four basic principles of design primarily via these activities:

1. Store visits, evaluation of prices in relation to overall store merchandising
2. Individual sketches or descriptions of windows seen during store visits
3. Group discussion around store visits
4. Individual work on “Value Worth” assignment

**Weekly Plan**

This plan is developed on a 1-week or 5-class plan. Teachers can spread this module out over one to three weeks depending on school schedule or class needs.

**WEEK 1**

|   | <b>MONDAY</b>   | <b>TUESDAY</b>  | <b>WEDNESDAY</b>   | <b>THURSDAY</b>  | <b>FRIDAY</b>   |
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| <b>DAILY LEARNING OBJECTIVE/TARGET:</b><br><br><i>What do the students need to learn and why? i.e. Essential Question</i> | Define value and worth.<br><br>Discussing different types of consumer products, including apparel, accessories and shoes. | Adding value.<br><br>What are the costs of making and selling a product including materials, manufacturing, taxes and distribution? (COG, FOB, LDP) | Mark-up and Profit Margins using “keystone” percentages and keystones.<br><br>How does everyone in the supply chain make a profit? | Adding worth via Marketing and communications.<br><br>How do brands create more worth in the products they sell? | Synthesizing the information. Review Value and worth and discuss individual projects. |

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| <p><b>ASSESSMENT/GRADING:</b></p> <p><i>What student evidence will you have that indicates learning outcomes have been met during the class period?</i></p> | <p>Quiz: Students determine which basic elements are related to value vs. worth.</p>                 | <p>Assignment: Students must find a receipt or price tag of a recent purchase of clothing or an accessory to bring to class.</p> | <p>Group Work: Students work together as a group to determine the various costs of their chosen products using percentages (see “Find the Price” below)</p> | <p>Group Work: Students work together to identify how worth is created beyond the value of the product using windows on WW Pro.</p> | <p>Individual Project: Value vs. Worth Project (see “Value vs. Worth: project below)</p> |
| <p><b>DIRECT/EXPLICIT INSTRUCTION:</b></p> <p><i>How are you teaching/presenting the learning objective?</i></p>  | <p>Lecture &amp; Visual Presentation using WindowsWearPro (image recommendations provided below)</p> | <p>Lecture &amp; Visual Presentation using WindowsWearPro (image recommendations provided below)</p>                             | <p>Lecture &amp; Visual Presentation using WindowsWearPro and supervised group work. (image recommendations provided below)</p>                             | <p>Lecture &amp; Visual Presentation using WindowsWearPro and supervised group work. (image recommendations provided below)</p>     |  |

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| <p><b>STUDENT CENTERED ACTIVITIES:</b></p> <p><i>How are students engaged in evaluating/synthesizing information towards the learning target?</i></p> | <p>Students are asked questions throughout the lecture, and then asked to take a quiz to assess their learning.</p> | <p>Students identify and use something from their personal environments.</p> | <p>Students get in groups to practice doing mark-ups and identifying margins (group work).</p> | <p>Students are asked to get in groups and to research WindowsWear Pro to identify how worth is created visually (group work).</p> | <p>Students complete an individual project assignment at home (due following week) to assess learning throughout week.</p> |
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### Resources for Lecture

#### Glossary

**COG** – Cost of Goods or First Cost (materials and manufacturing costs in country of origin)

**FOB** – Freight on Board (cost of product + shipping costs)

**LDP** – Landed Duty Paid (cost of product + shipping + taxes/duties)

**Wholesale** – price of product to retailer

**Retail** – price of product to consumer

**Value** – the actual cost of a product; usually related to LDP price

**Worth** – the price the product is sold for; usually related to Retail price

**Mark-up** – the percentage a product is raised in order for each person in the supply chain to make a profit

**Keystone** – when a product is marked-up at least twice the amount of the cost of the product for wholesale or retail

**Margin** – the amount of money each person makes when they sell a product (net profit)

**Mark-down** – the percentage a product is lowered from retail to be “on sale”

### **WindowsWearPro image recommendations**

It is recommended that instructors find key images using WindowsWearPro for examples of how brands create worth through branding. Using advanced search, instructors can find images that represent a variety of price points from mass market to luxury. In addition, instructors may want to access product images from retail websites such as The Gap, Target and Macy's.

### **Quiz**

It is recommended that a quiz be given after the first lecture on value vs. worth. Examples of strong questions would include: Including a "Made in Italy" tag on a product would be an example of value or worth? The cost of thread for a jacket would be an example of value or worth?

### **Find a Price**

Students must find a price tag on a product they've already purchase, or find a product in a store or online that they are interested in purchasing to be used in a group discussion the following class. In the following class, students will be broken into groups of 4-6 and asked to discuss the items they each chose and determine the wholesale price and landed cost of each product using keystone percentages. In addition, students will identify the profit margins for the retailer and wholesaler. Finally, the instructor may also provide the groups with LPD prices for products that groups can then use to determine wholesale and retail prices.

### **Value / Worth Assignment**

A student chooses a product from a "lottery bag." The card the student draws from the bag will include a picture of a product and some basic details. The students are then given a sample costing sheet and materials cost breakdown sheet (see below). They must fill out the costing sheet for their product and determine COG, FOB and LDP costs, and then wholesale price using appropriate keystone percentage. They must then use the same keystone to determine retail price, and profit margins for both wholesaler and retailer, as well as what a 10% and 20% markdown retail sale price would be for the product. Finally, they must write a report, using appropriate visuals from WindowsWearPro and other sources, on how to ensure the worth of the product being sold at retail. They can also include ways to potentially add worth through branding examples such as hang tags, window displays. Teachers are advised to provide more template-based "report" structure for lower level students.

### **Key Resources**

Keystone and Mark-up

<https://www.thebalance.com/keystone-pricing-in-retail-2890192>

Sample Costing Sheets

<http://www.onlineclothingstudy.com/2011/11/garment-costing-sheet.html>

[http://www.madefromcloth.com/wp/wp-content/uploads/2014/03/Made-From-Cloth\\_Cost-of-goods-worksheet\\_v2.pdf](http://www.madefromcloth.com/wp/wp-content/uploads/2014/03/Made-From-Cloth_Cost-of-goods-worksheet_v2.pdf)

Apparel Development & Typical Manufacturing Costs

<http://makersrow.com/blog/2015/10/developing-a-product-use-this-real-sample-budget-as-a-guide/>

<http://makersrow.com/blog/2015/10/costing-for-initial-apparel-development/>

### **Example of Mark-up & Mark-down Process**

COG = \$5.00 per shirt

FOB = \$.50 per shirt = \$5.50 total

LDP = \$.50 per shirt = \$6.00 total

Now use basic keystone / percentage of 2.0 (200%)

$\$6.00 \times 2$  (200%) = \$12.00 wholesale

$\$12.00 \times 2$  (200%) = \$24.00 retail

The wholesaler makes a dollar margin of \$6.00 per shirt.

The retailer makes a dollar margin of \$12.00 per shirt.

If the shirt goes on sale for 10% off, it costs \$21.60.

If the shirt goes on sale for 20% off, it costs \$19.20.