

b. Extended Credit

This is often referred to as "dating." Payment for merchandise is due on the date of the invoice which is usually the date of shipment. As an inducement for sales, a manufacturer might elect to post-date his invoices to a later date, 30 or 60 days, which means that cash payment is due 30 or 60 days later than normal. Normal discount terms would also be effective on the later invoice date.

c. Volume Discounts

Some manufacturers establish different prices depending upon the number of pieces ordered. One small chair manufacturer is known to sell 1 to 24 chairs at a price of \$67.50 per chair. Any quantity over 24 is sold at a price of \$62.50 per chair. Some larger manufacturers offer price reductions in carload or truck load lots.

d. Freight Allowances

Making allowances for freight costs are not common practice because of the great difficulty in treating all retailers equally. Another problem is the common practice of shipping f.o.b. manufacturer. Freight allowances could be handled more easily by manufacturers who ship by their own trucks and collect freight costs from the retailer. Where this is done, the manufacturer could provide an inducement by charging less than the normal freight rates. Some manufacturers actually pre-pay freight but usually just during a promotion.