Adaptive pricing: A technique that places different values on a product or service for customers with different needs.

Aging schedule: A categorization of accounts receivable based on the length of time they have been outstanding.

Average pricing: An approach in which the total cost for a given period is divided by the quantity sold in that period to set a price.

Bad-debt ratio: The ratio of bad debts to credit sales.

Break-even analysis: The examination of cost revenue relationships and the incorporation of sales forecasts into the analysis.

Break-even point: Sales volume at which total sales revenue equals total costs and expenses.

Contribution margin: The difference between the unit selling price and the unit variable costs and expenses.

Credit bureaus: Privately owned organizations that summarize a number of firms' credit experiences with particular individuals.

Elastic demand: Demand that changes significantly when there is a change in the price of a product or service.

Elasticity of demand: The degree to which a change in price affects the quantity demanded.

Follow-the-leader pricing strategy: A technique that uses a particular competitor as a model in setting prices.

Inelastic demand: Demand that does not change significantly when there is a change in the price of a product or service.

Installment account: A line of credit that requires a down payment, with the balance paid over a specified period of time.

Trade credit: Financing provided by suppliers to client companies.

Trade-credit agencies: Privately owned organizations that collect credit information on businesses.
**Variable pricing strategy:** A technique that sets more than one price for a product or service in order to offer price concessions to certain customers.

Source: