

 Free Access

Note—Comments on “A Quantity Discount Pricing Model to Increase Vendor Profits”

Prafulla N. Joglekar

Published Online: 1 Nov 1988 | <https://doi.org/10.1287/mnsc.34.11.1391>

Abstract

Monahan (Monahan, J. P. 1984. A quantity discount pricing model to increase vendor profits. *Management Sci.* (June) 720–726.) adapted the quantity discount model of inventory theory to the problem of determining an optimal quantity discount schedule from a vendor's point of view, and opened up an important direction of research. However, his one-item, one-customer, one-vendor model is based on several implicit assumptions that must be judged unreasonable. Monahan must account for the vendor's inventory carrying charges and redefine his variable S_2 . It is shown that a rational vendor's manufacturing frequency would not be identical to the buyer's ordering frequency if the vendor's manufacturing setup costs are substantially larger than the buyer's ordering costs. A numerical example presented in this note also questions the practical usefulness of Monahan's model even after its theoretical inaccuracies are corrected. Monahan's model may explain discounts that are a fraction of 1% of the price of an item, but it fails to explain commonly observed magnitudes of quantity discounts, such as 10% of the unit price.

[< Previous](#)[Back to Top](#)[Next >](#)

Volume 34, Issue 11

November 1988

Pages 1281-1402

Article Information

Metrics

Downloaded 69 times in the past 12 months

Cited 153 times

Information

Published Online: November 01, 1988

© 1988 INFORMS

Cite as

Prafulla N. Joglekar, (1988) Note—Comments on “A Quantity Discount Pricing Model to Increase Vendor Profits”. *Management Science* 34(11):1391-1398.

<https://doi.org/10.1287/mnsc.34.11.1391>

Keywords

inventory/production: policies, pricing

marketing: pricing

inventory/production: deterministic models

PDF download



Sign Up for INFORMS Publications Updates and News

SIGN UP

Partners

Atypon

crossref

PORTICO



Institute for Operations Research and the Management Sciences

5521 Research Park Drive, Suite 200
Catonsville, MD 21228 USA

phone 1 443-757-3500

phone 2 800-4INFORMS (800-446-3676)

fax 443-757-3515

email informs@informs.org

Get the Latest Updates

[Discover INFORMS](#)

[Explore OR & Analytics](#)

[Get Involved](#)

[Impact](#)

[Join Us](#)

[Recognizing Excellence](#)

[Professional Development](#)

[Resource Center](#)

[Meetings & Conferences](#)

[Publications](#)

[About INFORMS](#)

[Communities](#)

[PubsOnLine](#)

[2024 INFORMS/ALIO/ASOCIO International Conference](#)

[Certified Analytics Professional](#)

[Career Center](#)

[INFORMS Connect](#)

Copyright 2026 INFORMS. All Rights Reserved

[INFORMS Code of Conduct](#) | [Terms of Use](#) | [Privacy](#) | [Contact INFORMS](#) | [Sitemap](#)

Follow INFORMS on:  [X](#)  [Facebook](#)  [LinkedIn](#)  [Bluesky](#)