

1. Rebates: A retroactive (after the fact) refund or credit given to a buyer who has purchased a product or service. Fair and equitable rebates are used simply as incentives available to all customers.

2. So-called deferred (or exclusive-customer) rebates are used by large sellers of perishables and consumer durable goods. To receive such a rebate, the purchaser must agree to buy certain goods or services exclusively from a particular vendor for a fixed period of time. (Costco?)

3. Rebating was a common pricing tactic in the 19<sup>th</sup> century, often used by large companies to undercut competition from smaller firms. The U.S. railroad industry practiced price discrimination by granting secret rebates to important customers; the rebates granted to *STANDARD OIL Co.* helped it acquire a monopoly over the oil industry.

1. Using the context of the sentence, "*Fair and equitable rebates are used simply as incentives available to all customers.*" the word **equitable** most likely means:

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2. The word **incentives** most likely means:

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3. Using paragraph 2 as your background information; explain how Costco uses exclusive customer rebates to save its members money?

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Use this space to take notes on how **rebates** were used to create monopolies and limit competition at the turn of the 20<sup>th</sup> century.

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Use this space to take notes on how **pools** were used to create monopolies and limit competition at the turn of the 20<sup>th</sup> century.

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