

MKT100 Formulas

Gross Profit = Total Revenue – Total Variable Costs (*or* Cost of Goods Sold)

Net Profit = Gross Profit– Fixed Costs

Percent (%) Change = $\frac{\text{New Value} - \text{Old Value}}{\text{Old Value}} \times 100$

Herfindahl Index = Sum [(% Market Share of each Product/Company)²]

Three [Four] Firm Concentration Ratio = % Market Share Comp. 1 + % Market Share Comp. 2 + % Market Share Comp. 3 [+ % Market Share Comp. 4]

Market Share (%) = $\frac{\text{Brand's Sales (in \$ or \#)}}{\text{Total Market Sales (in \$ or \#)}} \times 100$

Relative Market Share (%) = $\frac{\text{Brand's Sales (in \$ or \#)}}{\text{Largest Competitor's Sales (\$ or \#)}} \times 100$

Contribution Margin (%) = $\frac{\text{Contribution Margin (\$)}}{\text{Revenue (\$)}} \times 100$ *OR* = $\frac{\text{Contribution per Unit (\$)}}{\text{Selling Price per Unit (\$)}}$

Contribution Margin per Unit (\$) = Price per Unit – Variable Cost per Unit

Markup (%) = $\frac{\text{Markup (\$)}}{\text{Cost (\$)}} \times 100$ *OR* = $\frac{(\text{Selling Price} - \text{Cost})}{\text{Cost}} \times 100$

Margin (%) = $\frac{\text{Margin (\$)}}{\text{Selling Price (\$)}} \times 100$ *OR* = $\frac{(\text{Selling Price} - \text{Cost})}{\text{Selling Price}} \times 100$

Selling Price = Cost + Contribution Margin (\$)

OR = Cost x (1 + Markup %)

OR = $\frac{\text{Cost}}{(1 - \text{Margin \%})}$

Supplier Selling Price (\$) = Customer's Selling Price (\$) – Customer's Margin (\$) *OR* = Customer's Selling Price (\$) x [1 – Customer's Margin (%)]

Break-even Revenue (\$) = Break-even Volume (#) x Price per Unit (\$)

OR = $\frac{\text{Fixed Costs (\$)}}{\text{Contribution Margin (\%)}}$

Break-even Volume (#) = $\frac{\text{Fixed Costs (\$)}}{\text{Contribution per Unit (\$)}}$

ROMI (%) = $\frac{\text{Incremental Revenue (\$)} \times \text{CM (\%)} - \text{Marketing Spending (\$)}}{\text{Marketing Spending (\$)}} \times 100$

Incremental Revenue = $\frac{(1 + \text{ROMI}) \times \text{Incremental marketing investment}}{\text{Contribution Margin (\%)}}$