RETAIL MATH FORMULAS

Basic Formulas

Cost of Goods + Markup = Retail Price
Retail Price - Cost of Goods = Markup
Retail Price - Markup = Cost of Goods

Break even

Break-Even ($) = Fixed Costs ÷ Gross Margin Percentage

Contribution Margin

Contribution Margin = Total Sales - Variable Costs

COGS (Cost Of goods Sold)

COGS = Beginning Inventory + Purchases - Ending Inventory

Gross Margin

Gross Margin = Total Sales - Cost of Goods

Return on Investment

GMROI = Gross Margin $ ÷ Average Inventory Cost

Initial Markup %

Initial Markup % = (Expenses + Reductions + Profit) ÷ (Net Sales + Reductions)

Margin %

Margin % = (Retail Price - Cost) ÷ Retail Price

Markup $ & %

Markup $ = Retail Price - Cost
Markup % = Markup Amount ÷ Retail Price

Net Sales

Net Sales = Gross Sales - Returns and Allowances

OTB (Open to buy)

OTB (retail) = Planned Sales + Planned Markdowns + Planned End of Month Inventory - Planned Beginning of Month Inventory

% Increase & %Decrease

% Increase/Decrease = Difference between Two Figures ÷ Previous Figure