



## Pricing Window Treatments: Understanding Margin vs. Markup

Vita Vygovska  
Episode 748

### MARK-UP vs. MULTIPLIER vs. MARGIN

#### Multiplier

Definition: Coefficient BY which the cost is increased to arrive at the retail price.

#### Mark-up

Definition: Difference between retail price and cost.  
It is BY how much the cost is increased to arrive at the retail price. Expressed in either \$'s or %'s.

Formula for Mark-up -- expressed in \$:

Retail – Cost (retail minus cost)  
This is also referred to as dollar gross profit.

Formula for Mark-up – expresses in %:

(Retail – Cost) / Cost (retail minus cost divided by cost) Think of mark-up as gross profit compared to cost. That's why we divide it by cost.

#### Margin

Definition: Difference between retail and cost.  
Expressed in either \$'s or %'s.

Formula for Margin – expressed in \$:

Retail – Cost (retail minus cost)  
This is also referred to as dollar gross profit.



Formula for Mark-up- expressed in %:

$(\text{Retail} - \text{Cost}) / \text{Retail}$  (retail minus cost divided by retail) Think of margin as gross profit compared to retail. That's why we divide it by retail.

Reference Table					
Cost	Multiplier	Retail	Mark-up %	Margin \$	Margin %
\$4	1	\$4.00	0%	\$0.00	0%
\$4	1.1	\$4.40	10%	\$0.40	9%
\$4	1.15	\$4.60	15%	\$0.60	13%
\$4	1.2	\$4.80	20%	\$0.80	17%
\$4	1.25	\$5.00	25%	\$1.00	20%
\$4	1.3	\$5.20	30%	\$1.20	23%
\$4	1.35	\$5.40	35%	\$1.40	26%
\$4	1.4	\$5.60	40%	\$1.60	29%
\$4	1.45	\$5.80	45%	\$1.80	31%
\$4	1.5	\$6.00	50%	\$2.00	33%
\$4	1.55	\$6.20	55%	\$2.20	35%
\$4	1.6	\$6.40	60%	\$2.40	38%
\$4	1.7	\$6.80	70%	\$2.80	41%
\$4	1.8	\$7.20	80%	\$3.20	44%
\$4	1.9	\$7.60	90%	\$3.60	47%
\$4	2	\$8.00	100%	\$4.00	50%
\$4	2.5	\$10.00	150%	\$6.00	60%
\$4	3	\$12.00	200%	\$8.00	67%