Lesson 2

MARKUP

1. CORE DEFINITIONS

- Markup: The amount added to the cost of an item to determine its selling price. It is the difference between the Selling Price (S) and the Cost (C).
- Cost (C): The price the merchant pays for the item.
- Selling Price (S): The price at which the item is sold to the customer.

2. BASIC FORMULAS

- Markup (M): $M = S - C$
- Selling Price (S): $S = C + M$
- Total Cost (C): $C = S - M$

3. MARKUP BASED ON COST VS. SELLING PRICE

Feature	Based on Cost	Based on Selling Price
Base (100%)	The **Cost** is the base.	The **Selling Price** is the base.
Markup Rate (R)	$R = \frac{M}{C} \times 100$	$R = \frac{M}{S} \times 100$
Markup Amount	$M = C \times R$	$M = S \times R$
Logic	Common for manufacturers.	Common for retailers (convenient for registers/commissions).
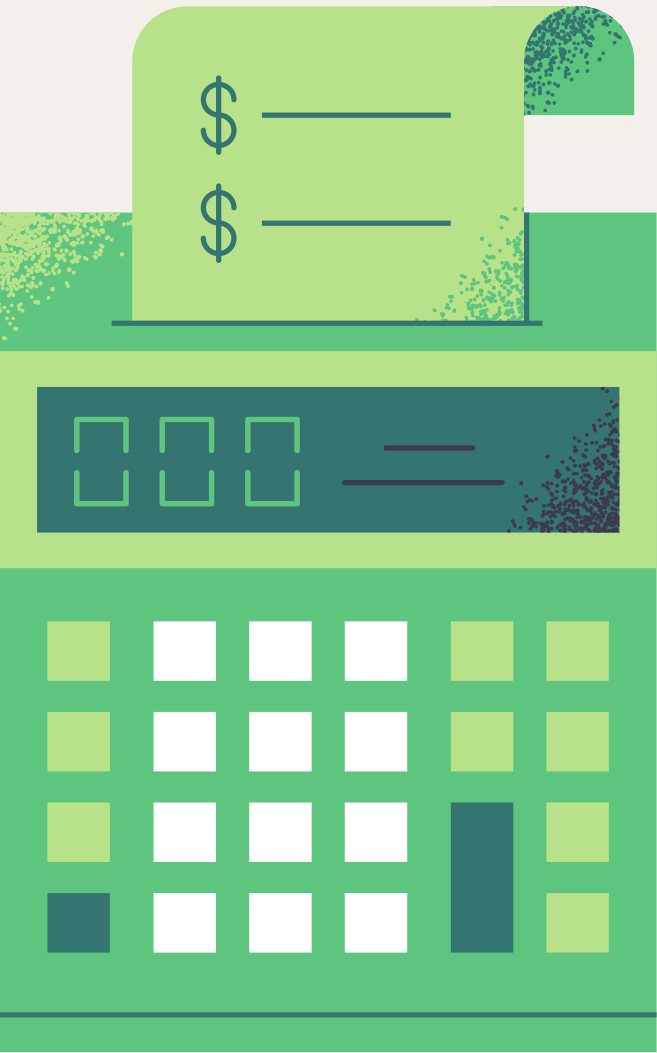
4. SPECIFIC MARKUP TYPES

- Initial Markup: The difference between the original list price and the cost.
- Maintained Markup: The difference between the actual selling price (after any negotiations or discounts) and the cost.
- Total Profit (from Markup): Total Profit-Remaining StockxMarkup per unit