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Formulas for Calculations Demonstrated in this Module

Purpose	Formula/Term	Explanation
To use revenue premium as a measure of brand equity	Brand equity = (Revenue Premium - Additional Variable cost) * Long-term multiplier	
To calculate revenue premium	Revenue Premium = Brand's revenue share - Private Label's revenue share	Revenue share = Price* Market share*Unit sales
To calculate additional variable costs	Additional Variable costs = Difference in market share*(1-Margin%)*Price*UnitSales	
To calculate long-term multiplier (LTM)	$LTM = (1 + d) / (1 + d - r)$	d= discount rate r = stability factor Long-term multiplier discounts the value of brand equity to its net present value.

[Mark as completed](#)


