

One gap, two denominators

A percentage must say which whole is its base.

1 · STATED COST AND SALE PRICE

COST: SALE PRICE:

2 · SAME DOLLAR GAP

sale price – stated cost =

3 · TWO PERCENTAGE MEASURES

mark-up = $\text{gap} \div \text{COST} \times 100\%$

gross price margin = $\text{gap} \div \text{SALE PRICE} \times 100\%$

4 · PUBLIC WORDING BOUNDARY

Other costs unknown: gap is not net profit.