Pricing definitions

General terms

Purchase price

The purchase price is the price you pay for a service when you buy it from the supplier. The purchase price is invoiced by the supplier.

Markup

The markup refers to a percentage that is added to the purchase price of an item to arrive at a sales price. For example, if you have a markup of 33% on your purchase price, it means that you sold your product 33% above your purchase price. If you want to determine your markup, you can ask yourself the following question: What markup must be added to the purchase price to make a profit?

Margin

Margin refers to the percentage of the selling price that is considered profit. If they have a margin of 33%, it means they made 33% profit on the sale. So margin is the percentage of profit from the selling price. If you want to determine your margin, you can start from the question, how much profit do you want to have in the end?

Selling price

The selling price is the price you invoice to your customer. It consists of the purchase price and the added markup.

Profit

Profit is the difference between the selling price and the purchase price.

Detailed terms

Commission

If you receive a commission, for example from a hotel, advatra can deduct this amount from the purchase price. So if you add a commission, your profit will be higher.

Effective PP (purchase price)

The effective purchase price is the price that your supplier invoiced you at the end.

PP (Purchase price)

The purchase price is the price you pay for a service when you buy it from the supplier. The purchase price is invoiced by the supplier.

Original SP (Selling price)

The original selling price is the price you invoice to your customer. It consists of the purchase price and the added markup.

Total SP (Selling price)

The total selling price consists of the original selling price plus the surcharge/discount.

Original profit

The original profit is the difference between the selling price and the purchase price.

Total profit

The total profit consists of the original profit plus the surcharge/discount.

Original markup

The original markup refers to a percentage that is added to the purchase price of an item to arrive at a selling price. For example, if you have a markup of 33% on your purchase price, it means that you sold your product 33% above your purchase price.

Original margin

The original margin refers to the percentage of the selling price that is considered profit. For example, if you have a margin of 33%, it means they made 33% profit on the sale. So, margin is the percentage of profit from the selling price.

Total margin

The total margin consists of the original margin plus the surcharge/discount.

Total markup

The total markup consists of the original markup plus the surcharge/discount.

Surcharge/discount

The surcharge/discount will be added (or subtracted) on top of the selling price.

Net

The total selling price exclusive value added taxes.
