Reporting

- Margin Calculation

Margin Calculation

Profit margins are calculated as a percentage of the cost of a sale vs the revenue generated by it.

$$\text{Net Profit Margin (\%)} = \frac{\text{Net Revenue - Cost Price}}{\text{Net Revenue}}$$

Margins are calculated per Sales Order line, which will then be averaged as needed for individual reports, Sales Order level margin, etc.

Examples

Positive Margin

Gross sale	Net sale	Cost	Net profit	Net margin
£120.00	£100.00	£80.00	£20.00	20%
£180.00	£150.00	£100.00	£50.00	33.33%
£240.00	£200.00	£100.00	£100.00	50%
£300.00	£250.00	£150.00	£100.00	40%
£90.00	£75.00	£60.00	£15.00	20%
£200.00	£166.67	£100.00	£66.67	40%

Negative Margin

Gross sale	Net sale	Cost	Net profit	Net margin
£60.00	£50.00	£100.00	-£50.00	-100%
£96.00	£80.00	£100.00	-£20.00	-25%
£120.00	£100.00	£120.00	-£20.00	-20%
£240.00	£200.00	£250.00	-£50.00	-25%
£36.00	£30.00	£90.00	-£60.00	-200%
£50.00	£41.67	£100.00	-£58.33	-140%

Exclusions

In addition to this, there are several specific exclusions:

- Products with a NULL cost price are omitted from all margin reporting
- Line discounts are included in margin calculation (e.g. uses line discounts to reduce the value of the sold item before working out margin)
- Excludes cancelled, deleted and returned lines (these have no value for working out margin)
- Excludes draft, quote, abandoned and cancelled orders (these are not valid)

FAQs

How does IXO Commerce calculate margin?

It uses the Net Margin method.

Does IXO Commerce use any other methods?

No. ICO Commerce doesn't use Gross Margin, Markup, Profit or Loss on Cost or Operating Margin.

My margin is showing as less than -100%, does this mean that I have lost more money than the item cost?

No. This is because when calculating Net Margin, everything is relative to the Net Profit and Cost Price. Think of it as selling something at double the cost price will be a 100% Net Margin, and selling it for half the Cost Price will be a -100% profit margin.