

9.20: Gross Margin Percentage

Learning Objectives

- Analyze the gross margin percentage of sample retailers

Gross margin = net sales – cost of goods sold. However, to express this as a percentage, gross margin is divided by net sales (gross margin dollars / net sales). This allows the retailer to assess what portion of sales were spent on COGS to generate the sales and what portion remains to cover operating expenses. That is:

- $1 - \text{gross margin percent} = \text{the portion of sales spent as COGS}$
- $1 - (\text{COGS} / \text{net sales}) = \text{gross margin percent}$

Practice Questions

<https://assessments.lumenlearning.co...sessments/9236>

Video -- Profit Margin, Gross Margin, and Operating Margin - With Income Statements



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