

Key Terms and Metrics Chapter 13
Revenue Management and
Marketing Accounting

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- Income Statement (Full Costing)
- Operating Statement (Direct Costing)
- Quantity of Units Sold, Q
- Selling Price per Unit, P
- Sales Revenue, $P \times Q = R$
- Total Cost (CoGS + Period Costs), TC
- Net Profit, Z
- Breakeven Price (Average Cost per Unit), BEP
- Return on Sales or Net Profit Margin, ROS

- Variable Cost per Unit, V
- Cost of Goods Sold, CoGS
- Learning Curve or Experience Curve
- Fixed Costs or Period Costs, Marketing Expenses for the Period, F
- Marketing Expenses to Sales Ratio
- Marketing Overheads, OH
- Marketing Return on Sales, MROS
- Return on Marketing Expense, ROME

- Breakeven Quantity, BEQ
- Dollar Markup or Unit Contribution, $P - V = M$
- Markup on Cost per Unit Sold, $(P - V) / V = Mv$
- Markup on Price per Unit Sold, $(P - V)P = Mp$
- Converting Markup on Cost to Markup on Price
- Gross Contribution or Gross Margin, $R - \text{CoGS} = G$
- Gross Return on Sales, $G/R = \text{GROS}$
- Marketing Contribution or Profit after Promotion
- Marketing Return on Sales, MROS
- Return on Marketing Investment or Return on Marketing Expense, ROME

Detailing the Marketing Expenses

- Advertising Expenses, A
- Consumer Promotions, CP
- Sales Force Expenses, SF
- Dealer Promotions, DP
- Percentage of Advertising to Sales Revenue
- Percentage of Consumer Promotion to Sales
- Percentage of Sales Force Expense to Sales
- Percentage of Dealer Promotion to Sales
- Return on Individual Marketing Expenses

- Asset Turnover, R/I
- Return on Assets or Investment, $Z/I = (Z/R) \times (R/I)$

Marketing Assets on the Balance Sheet

- Inventory
 - Inventory Turnover = $R / \text{Inventory}$
 - Return on Inventory = $Z / \text{Inventory}$
- Accounts receivable
- Good Will

Marketing Assets **Not** Recorded on the Balance Sheet

- Brand Equity
- Product Quality
- Customer Satisfaction
- Customer Retention and Loss Rates, Cr & LR
- Life Span of the Average Customer Account
- Market Share or Share of Market, S
 - Share of Voice
 - Share of Mind
 - Share of Heart
 - Share of Wallet