

PRICING · MARGIN VS. MARKUP

TIRE **MARKUP** CHEAT SHEET

Margin vs. markup, the one formula you need, and the add-ons that quietly eat your profit.

THE ONE FORMULA

$$\text{SELL PRICE} = \text{COST} \div (1 - \text{TARGET MARGIN})$$

Example: \$100 tire, 30% margin → $\$100 \div 0.70 = \$142.86$ (round up to **\$142.99**).

Margin = $(\text{Sell} - \text{Cost}) \div \text{Sell}$ | **Markup** = $(\text{Sell} - \text{Cost}) \div \text{Cost}$ | A 30% markup is only a 23.1% margin.

MARGIN → MARKUP TABLE

TARGET MARGIN	MARKUP NEEDED	MULTIPLY COST	\$100 TIRE	\$150 TIRE
15%	17.6%	× 1.176	\$117.65	\$176.47
20%	25.0%	× 1.250	\$125.00	\$187.50
25%	33.3%	× 1.333	\$133.33	\$200.00
30%	42.9%	× 1.429	\$142.86	\$214.29
33⅓%	50.0%	× 1.500	\$150.00	\$225.00
35%	53.8%	× 1.538	\$153.85	\$230.77
40%	66.7%	× 1.667	\$166.67	\$250.00
45%	81.8%	× 1.818	\$181.82	\$272.73
50%	100.0%	× 2.000	\$200.00	\$300.00

Prices shown before rounding, labor, fees and tax.

MARKUP → REAL MARGIN

IF YOU ADD THIS MARKUP...	...YOUR MARGIN IS
20% markup	16.7%
30% markup	23.1%
40% markup	28.6%
50% markup	33.3%
75% markup	42.9%
100% markup	50.0%

Examples are illustrative only. Fee rules, card surcharges and sales tax vary by state; confirm with your accountant or state agency. Not tax, legal or accounting advice.

ADD-ON FEES CHECKLIST

- ☐ Mount & balance (per tire)
- ☐ Valve stems (rubber snap-in)
- ☐ TPMS service kit (seals, cores, nuts)
- ☐ TPMS sensor replacement / relearn
- ☐ Tire disposal / recycling fee
- ☐ State new-tire fee (pass-through)
- ☐ Road hazard warranty (cost vs. price)
- ☐ Alignment check or alignment
- ☐ Shop supplies (% of labor, with a cap)
- ☐ Wheel weights / lug nuts / wheel locks
- ☐ Rotation or rotate-and-balance plan
- ☐ Card processing fee (your cost; counts against profit)
- ☐ Sales tax (what's taxable varies by state)

Profit leak to watch: pricing the tire at "cost + \$X" and forgetting kit, disposal and card fees. Know your cost per line item, not just the tire.

Quick check:

Margin = Markup ÷ (1 + Markup)

Markup = Margin ÷ (1 - Margin)

WANT THIS DONE FOR YOU? TIRE PRICING & MARGIN CALCULATOR

Google Sheets + Excel. Builds out-the-door quotes, price lists and margin checks automatically.

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