THE OUTLIER BRIEF

Business Intelligence · Finance · Strategy · Governance · AI Advisory

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THIS WEEK

Mark-Up Is Not Margin — and the Difference Is Costing You

KEY TAKEAWAY

Most owners price by mark-up — add a percentage to cost — but think in margin, the percentage the business actually keeps. They are not the same number, and the gap between them is wider than almost anyone expects: a 50% mark-up is only a 33% margin. Confuse the two and you systematically under-price, convinced you are making more than you are. In a quarter when the naira is softer and input costs move, that quiet error compounds on every single sale.

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01 CEO IN 60 SECONDS

THE WEEK IN FOUR LINES

What happened. Oil kept easing — Brent fell below $90 — while the naira weakened on the street to around ₦1,420 and inflation held its new low of 14.63% ahead of the October print. Cheaper crude points to softer fuel ahead; a weaker parallel rate lifts import costs.

Why it matters. When input costs move, pricing has to be exact — and the commonest pricing error is confusing mark-up with margin, which quietly leaves money on the table on every sale.

What to do today. Check one product: take its cost and selling price, and work out the true margin — profit ÷ selling price. If you priced by adding a mark-up, the margin is smaller than you think.

Biggest mistake. Setting a "margin" by adding that percentage to cost. A 50% mark-up is only a 33% margin — the business keeps far less than it believes.

02 EDITOR'S NOTE

Welcome to this week's Outlier Brief. The macro moved a little further this fortnight: Brent crude slipped below $90 as OPEC+ supply kept rising, pointing to cheaper fuel ahead, while the naira weakened on the parallel market to around ₦1,420 and inflation held its new low of 14.63% with the October print due around 17 November. Costs are shifting in both directions — and that makes pricing precision matter.

This week's lesson is the one almost every business gets slightly wrong: the difference between mark-up and margin. They sound interchangeable; they are not. Mark-up is profit measured against cost, margin against the selling price — and a healthy-sounding mark-up can hide a thin margin. Confusing them is the quiet reason many businesses sell hard all month and keep less than they planned.

Rafiu Olawuyi, FCA — *Lead Consultant, Outliers Professionals*

03 EXECUTIVE SUMMARY — WHAT YOU NEED TO KNOW THIS WEEK

- **Oil eased further.** Brent fell below $90 as OPEC+ supply rose, pointing to cheaper fuel ahead, while inflation held at 14.63% and the policy rate at 23%.
- **The naira softened on the street.** The parallel rate weakened to about ₦1,420 against ₦1,347 official — a wider gap of roughly ₦73 — nudging import costs up.
- **Mark-up is not margin.** Mark-up is profit as a share of cost; margin is profit as a share of price. A 50% mark-up is only a 33% margin.
- **The confusion costs real money.** Price by adding a mark-up while thinking you are setting a margin, and you under-price every sale — keeping far less than you believe.

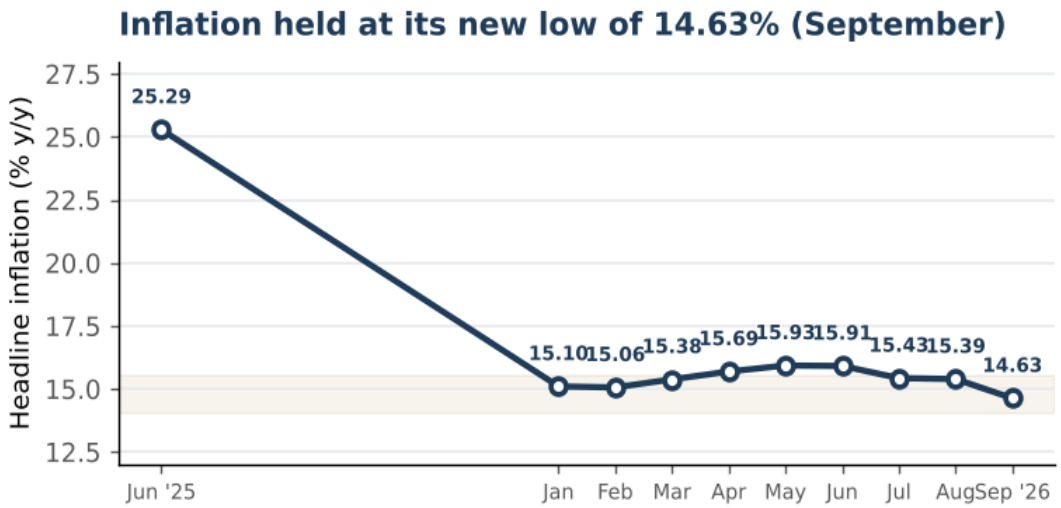
04 BUSINESS INTELLIGENCE DASHBOARD

Key indicators for Nigerian businesses, current at preparation (week of 10–14 November 2026).

INFLATION **14.63%** ▬ Sept · Oct print ~17 Nov	POLICY RATE (MPR) **23%** ▬ held · cut to 23% Sept	NAIRA / US$ (OFFICIAL) **₦1,347** ▬ firm · vs parallel
NAIRA / US$ (PARALLEL) **₦1,420** ▬ gap widened ~₦73	PETROL (PMS) **₦1,345** ▬ pump flat · crude easing	BRENT CRUDE **$90** ▼ below $90 · OPEC+
EXTERNAL RESERVES **$55.1bn**	TRADE BALANCE **₦12.6tn**	FDI **$135m**

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▲ holding · 18-yr high	▲ surplus · Q2 2026	▬ Q1 2026 · 1.3% of inflows



Actual NBS readings. Inflation held its new low of 14.63% (September); the October print lands around 17 November. Brent fell below $90 as OPEC+ supply rose, while the naira weakened on the parallel market to about ₦1,420.

05 THE NUMBERS BEHIND THE NEWS

WHY MARK-UP IS NOT MARGIN

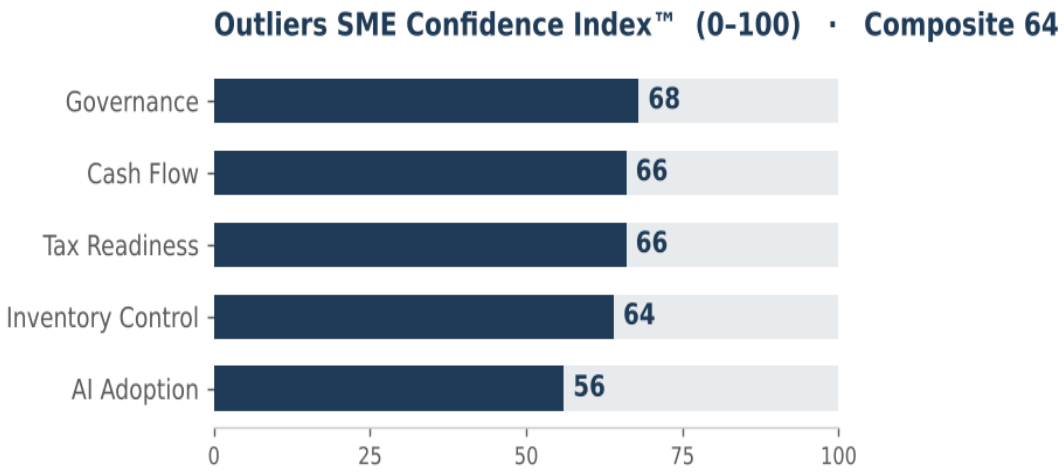
Mark-up and margin both describe the money a business adds to the cost of what it sells — but they measure it against different bases, and that changes everything. Mark-up is the profit expressed as a percentage of cost: buy at ₦1,000, sell at ₦1,500, and the ₦500 is a 50% mark-up. Margin is the same ₦500 expressed as a percentage of the selling price — ₦500 on ₦1,500 is a margin of just 33%. Same sale, same profit, two very different percentages.

The trap is pricing by one while judging by the other. An owner who wants a 50% margin but simply adds 50% to cost ends up with a 33% margin — and has quietly given away a third of the profit they intended to make. To actually earn a 50% margin, the mark-up has to be 100%. Multiply that error across every product, every month, and it is the difference between a business that merely turns over and one that genuinely profits.

06 OUTLIERS INDEX™

The Outliers SME Confidence Index™ is our proprietary weekly read of operating conditions for Nigerian small and mid-sized businesses, scored from 0 to 100 across five dimensions. It is an expert index maintained by the Outliers editorial office.

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How to read the index: The Composite Index is the average of the five dimensions shown above. The underlying average is 64.0.

Governance led at 68 and the overall Composite Index edged to 64 — another new high — as cheaper oil brightened the outlook. Tax Readiness and Cash Flow rose to 66, with Inventory Control at 64, while AI Adoption (56) remained the lowest.

> WHAT CHANGED THIS WEEK
> Confidence edged to 64, a fresh high, as falling crude pointed to cheaper fuel even with a softer parallel naira. Governance rose to 68 and Cash Flow to 66; Inventory Control firmed to 64, while AI Adoption inched to 56 — still the lowest dimension.

07 FEATURE: MARK-UP IS NOT MARGIN — AND THE DIFFERENCE IS COSTING YOU

Ask an owner what margin they make, and you will often hear the mark-up by mistake. The two are cousins, not twins. Mark-up measures profit against what you paid; margin measures it against what you charged. Buy an item for ₦1,000 and sell it for ₦1,500, and you can describe the same ₦500 two ways: a 50% mark-up (500 over the 1,000 cost) or a 33% margin (500 over the 1,500 price). Both are correct. The danger is using one number while believing it is the other — because margin is always the smaller of the two, and it is the one that tells you what the business actually keeps.

Here is where it bites. Say you want to keep a 40% margin. It feels natural to add 40% to your cost — but a 40% mark-up leaves you a margin of only 29%. To truly keep 40% of the selling price, you must add 67% to cost. Price the first way across a whole range, and you are under-charging on everything, convinced your profitability is healthy while it quietly runs thin. The error never announces itself; it just shows up as a business that is always busy and never quite flush.

Keeping the two straight

- **Mark-up is on cost.** Profit ÷ cost. It is what you add to the buying price — useful for setting a price quickly from a cost.
- **Margin is on price.** Profit ÷ selling price. It is what you keep out of each naira of sales — the number that matters for profitability.
- **Margin is always smaller.** For the same sale, the margin is always below the mark-up — and the gap widens as prices rise. Never quote one as the other.
- **Convert deliberately.** To hit a target margin, gross it up: a 50% margin needs a 100% mark-up; a 40% margin needs 67%; a 33% margin needs 50%.

None of this is advanced mathematics. It is one distinction, applied consistently — and applied, it can lift the realised profit on a whole catalogue without selling a single extra unit.

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WHAT THIS MEANS FOR YOUR BUSINESS

Pick your three best-selling lines this week and check each one honestly: cost, selling price, and the true margin (profit ÷ price). If you have been pricing by mark-up and calling it margin, you are keeping less than you planned on every sale. Decide the margin you actually want, convert it to the right mark-up, and reprice. In a quarter when input costs are moving, getting this one distinction right is among the fastest ways to protect your profit.

08 MARK-UP VERSUS MARGIN

The same sale, measured two ways: start from cost, add a mark-up to reach the selling price, then measure the profit against that price to find the margin. Mark-up looks back to what you paid; margin looks at what you keep.

Mark-Up versus Margin — the same sale, two different percentages



On a ₦1,000 cost sold at ₦1,500: a 50% mark-up, but only a 33% margin — the same ₦500, two different percentages.

09 OUTLIERS INTELLIGENCE™

ONE INSIGHT · ONE DECISION

Most owners set prices from cost and never check what margin those prices actually deliver. The disciplined work the other way: they decide the margin the business needs, then set the mark-up that produces it. The first approach hopes the profit is there; the second guarantees it. Same products, same costs — but one leaves money on the table and the other collects it.

The decision this week: for your top lines, write down the margin you intend to keep, convert it to the correct mark-up, and check your current prices against it. Any line priced below that mark-up is quietly underperforming — and now you can see it.

10 BUSINESS NUMBERS THAT MATTER

Indicator	Latest	Why it matters
Inflation	**14.63%**	Held its new low (Sept) — October print lands around 17 November
Policy rate (MPR)	**23%**	Held at 23% — the easing cycle's next test is the coming MPC
Naira / US$ (official)	**~₦1,347**	Firm officially — but the parallel rate has pulled away
Naira / US$ (parallel)	**~₦1,420**	Gap to official widened to ~₦73 — lifts import costs
Petrol (PMS), pump	**~₦1,325–1,420**	Pump flat (Lagos ₦1,325–1,370; Abuja higher) — relief may follow crude
Brent crude, per barrel	**~$90**	Fell below $90 on OPEC+ supply — points to cheaper fuel ahead
External reserves	**~$55.1bn**	Holding near an 18-year high — a buffer against FX pressure
Trade balance (Q2 2026)	**₦12.6tn**	Surplus nearly doubled on surging exports

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Indicator	Latest	Why it matters
FDI (Q1 2026)	**$135.1m**	Direct investment — a small share of capital inflows

11 WHAT WE'RE SEEING

Across the Nigerian market this fortnight, as costs shift in both directions, patterns are visible among small and mid-sized businesses — shared at market level, without reference to any individual client:

- Mark-up quoted as though it were margin — and prices set too low as a result.
- Target "margins" that are really mark-ups, leaving a third of intended profit behind.
- Prices unchanged while supplier costs crept up — thinning the true margin.
- Discounts given off a mark-up, wiping out more profit than the owner realised.
- No single, agreed margin target to price the catalogue against.

12 FINANCE SCHOOL

LESSON 15 OF AN ONGOING SERIES

Mark-up is profit on cost; margin is profit on price.

Mark-up and margin measure the same profit against different bases. Mark-up = profit ÷ cost; margin = profit ÷ selling price. Because the selling price is larger than the cost, the margin is always the smaller percentage: a 50% mark-up equals a 33% margin, and a 100% mark-up equals a 50% margin. Mix them up and you will consistently under-price.

The practical rule: set prices to a target margin, not a target mark-up, because margin is what the business keeps. Convert the margin you want into the mark-up that delivers it, then price. Next lesson: the real cost of a discount — why a price cut demands more extra sales than you expect.

13 AI & TECHNOLOGY SPOTLIGHT

AI IN FINANCE — PART 15 OF AN ONGOING SERIES

AI for pricing and margin accuracy

AI's fifteenth role is taking the error out of pricing. Fed your cost and price data, modern tools can calculate the true margin on every product, flag any line whose margin has slipped below target as supplier costs change, convert a target margin into the exact mark-up to apply, and re-run the whole catalogue in seconds when the naira or input costs move — work that is tedious and error-prone by hand.

The guardrails hold: AI computes the margins and the mark-ups, but what margin a given product or market can bear is a commercial judgement that stays with you. Use it to keep the arithmetic exact across hundreds of lines; keep the pricing strategy human.

TOOL OF THE WEEK

Pricing & Margin Tools

Examples. Margin and pricing modules in your accounting or point-of-sale software, or a well-built pricing spreadsheet that converts target margin to mark-up automatically.

What it does. Calculates true margin on every line, converts target margins into mark-ups, and flags products priced below the margin you want.

Who should use it. Any business with more than a handful of products, especially where input costs are changing and prices need regular review.

Common mistake. Trusting the mark-up field as if it were margin. Make the tool show margin on price — that is the number that measures what you keep.

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Business benefit. Prices that deliver the profit you intend, caught errors across the whole range, and quick repricing when costs move.

14 PRACTICAL TOOLKIT — MARK-UP vs MARGIN CHECKLIST

Work through these this week. Each item closed sharpens how you steer.

☐ Pick your top five selling lines and note each one's cost and selling price.

☐ Work out the true margin on each: (price − cost) ÷ price, as a percentage.

☐ Compare it with the margin you assumed you were making.

☐ Decide the margin you actually want to keep on each line.

☐ Convert it to the right mark-up (50% margin = 100% mark-up; 40% = 67%; 33% = 50%).

☐ Reprice any line sitting below your target margin.

☐ Set one agreed margin target to price new products against from now on.

15 COMPLIANCE WATCH

- **This month.** October VAT is due by 21 November and October PAYE should already be filed — clear both to keep the record clean.
- **Watch.** The October inflation print lands around 17 November, and the next MPC meeting (late November) will test whether September's cut to 23% begins a cycle.
- **Year-end.** For a 31 December year-end, audit planning and companies income tax work should be well advanced — and accurate margins make the year-end budget far more reliable.

16 CASE STUDY

ILLUSTRATIVE · ANONYMISED

A retailer with a few hundred lines believed it was running a healthy 45% margin. It wasn't. Prices had been set for years by adding 45% to cost — a 45% mark-up, which is really a margin of only 31%. On monthly sales of ₦8m, the business was keeping about ₦2.5m of gross profit where the owner thought it was keeping ₦3.6m.

Nothing was wrong with the products or the sales; the pricing rule was simply mislabelled. Reworking the catalogue to a genuine 45% margin — a mark-up of 82% — lifted gross profit materially, and the few lines the market would not bear at the higher price were identified and handled deliberately. Same shelves, same customers, a far healthier bottom line.

17 OUTLIERS RECOMMENDATION

THIS WEEK'S RECOMMENDATION

This week, audit the pricing on your top lines. Work out the true margin — profit ÷ selling price — on each, decide the margin you actually want, and convert it into the correct mark-up before you reprice. Getting the mark-up/margin distinction right is one of the fastest, cheapest ways to lift profit without selling a single extra unit.

18 CEO & BOARDROOM QUESTIONS

TWO QUESTIONS WORTH SITTING WITH

CEO question. Do we price to a target margin or a target mark-up — and do we know the true

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margin we are actually keeping?

Boardroom question. If we have been confusing mark-up with margin, how much profit are we leaving on the table across the whole range?

19 THE OUTLIERS PERSPECTIVE

Two percentages, one quiet difference — and it decides how much of every sale a business actually keeps. Mark-up flatters; margin tells the truth. An owner who prices on mark-up while thinking in margin can work flat out, grow the top line, and still wonder where the profit went. The number was never there to begin with; it was given away at the point of pricing.

The disciplined keep the two straight as a matter of habit. They price to the margin the business needs, convert it to the mark-up that delivers it, and check the realised margin regularly as costs move. It is not clever finance — it is one distinction, held consistently — but it is the difference between selling a lot and keeping enough.

20 CLOSING INSIGHT

Every sale carries two percentages: the mark-up you add and the margin you keep. They are never the same, and the one that matters is the smaller. The businesses that know the difference price to protect their profit; the ones that don't give a slice of it away on every transaction without ever seeing it go. The work this week is to find out which you have been doing — and, if the labels were crossed, to put them right across your best lines.

YOUR MOVE THIS WEEK

Audit your top lines for mark-up vs margin this week — or book a 45-minute session to reset your pricing to the margins your business actually needs. outlierspro.com · Lagos | Abuja.

Each week rotates the action: download a checklist · complete an assessment · register for a webinar · read the full guide · book a consultation.

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