

Price Discounting Tables

	IF YOUR PRESENT MARGIN IS...								
	20%	25%	30%	35%	40%	45%	50%	55%	60%
And you reduce price by	To produce the same exact profit, your sales volume must increase by...								
2%	11%	9%	7%	6%	5%	5%	4%	4%	3%
4%	25%	19%	15%	13%	11%	10%	9%	8%	7%
6%	43%	32%	25%	21%	18%	15%	14%	12%	11%
8%	67%	47%	36%	30%	25%	22%	19%	17%	15%
10%	100%	67%	50%	40%	33%	29%	25%	22%	20%
12%	150%	92%	67%	52%	43%	36%	32%	28%	25%
14%	233%	127%	88%	67%	54%	45%	39%	34%	30%
16%	400%	178%	114%	84%	67%	55%	47%	41%	36%
18%	900%	257%	150%	106%	82%	67%	56%	49%	43%
20%	-	400%	200%	133%	100%	80%	67%	57%	50%
25%	-	-	500%	250%	167%	125%	100%	83%	71%
30%	-	-	-	600%	300%	200%	150%	120%	100%

On the other hand, the next table shows the amount by which your sales would have to decline following a price increase before your gross profit is reduced below its previous level. At a 30% margin and a 10% increase in price, you could sustain a 25% reduction in sales volume before your profit is reduced to the previous level...you would have to lose 1 out of every 4 customers!

Price Increase Tables

	IF YOUR PRESENT MARGIN IS...								
	20%	25%	30%	35%	40%	45%	50%	55%	60%
And you increase price by	To produce the same exact profit, your sales volume can decrease by...								
2%	9%	7%	6%	5%	5%	4%	4%	4%	3%
4%	17%	14%	12%	10%	9%	8%	7%	7%	6%
6%	23%	19%	17%	15%	13%	12%	11%	10%	9%
8%	29%	24%	21%	19%	17%	15%	14%	13%	12%
10%	33%	29%	25%	22%	20%	18%	17%	15%	14%
12%	38%	32%	29%	26%	23%	21%	19%	18%	17%
14%	41%	36%	32%	29%	26%	24%	22%	20%	19%
16%	44%	39%	35%	31%	29%	26%	24%	23%	21%
18%	47%	42%	38%	34%	31%	29%	26%	25%	23%
20%	50%	44%	40%	36%	33%	31%	29%	27%	25%
25%	56%	50%	45%	42%	38%	36%	33%	31%	29%
30%	60%	55%	50%	46%	43%	40%	38%	35%	33%

If you're like many small businesspeople who regard price as the only factor influencing the buying decision of their customers, you will undoubtedly reject the proposition that a high price strategy (and by implication, high value) will work. You may accept that it's right for some businesses, but it sure doesn't apply to your business.

There's no business that doesn't have the potential to command a premium price for its products or services *if*—and this is the crunch—it is able to market those products or services in such a way that ***the customer perceives added value.***

DISCLAIMER

Please note that the information contained in this document is provided as a general guide and as such it is recommended that specific professional advice be sought before any action is taken. The information is correct to the best of our knowledge at the time of being published.