



**Jeans and Pricing**

**Pricing Review**

# more money for shoes

## Pricing Review

Pricing your goods and services is an inexact science and often has more to do with the courage and self-worth of the business owner than the value of the goods or services produced. Following is a guide to help you undergo a price review to help you decide if some or all of your products and services' prices needs to be changed.

- Do you know what your product costs you per unit?
- Do you know what your service costs you per hour?
- Do you know what profit you are making (if at all) either per unit or per hour?
- Is this profit in line with the profit you want to make?
- Is there a product or service like yours on the market?
- Do you know what they are charging?
- Are you charging less or more and is there a reason for that?
- Do you know who your product is aimed at?
- When did you last have a price rise?
- Do people frequently overpay you?
- Has anyone knocked you back recently because they said you were too expensive? If not, then this is absolutely a red flag that you are too cheap
- Do you know what your value proposition is? (If you don't, your customers probably don't)
- Are you making the value of what you do clear enough?
- Do you know how much you need to earn per unit or per hour?
- Do you know what your costs are and do you know how much you need to earn to make a profit?
- Do you ask for feedback from your lost prospects and customers?
- Are you selling a commodity where there are many competitors and it is very price sensitive? (eg white bread) If so, do you know what your competitors are pricing? Are you charging at least in line with your competitors and if not, is there a reason why?

So, what now? Hopefully these questions have started you thinking. If you have no idea about most of these questions then it is time to take a serious look at who your customers are, what the value in your product/service is and review your prices. If you haven't increased your prices lately (in the last six to twelve months) then your costs have no doubt gone up so make sure you schedule in your price increases too. If you suspect you're too cheap from your answers then talk to a trusted team member, customer, colleague, mentor, accountant and ask what they think. Then do something about it. If you're pretty sure you should be changing your prices but you don't know where to start here are some things to think about:

- Identify ways to educate your customers on the value of what you provide
- Increase the value that you deliver
- Test your price increase
- Develop a communications plan to identify how you're going to roll out your increase
- Especially if it's a big increase, inform your customers