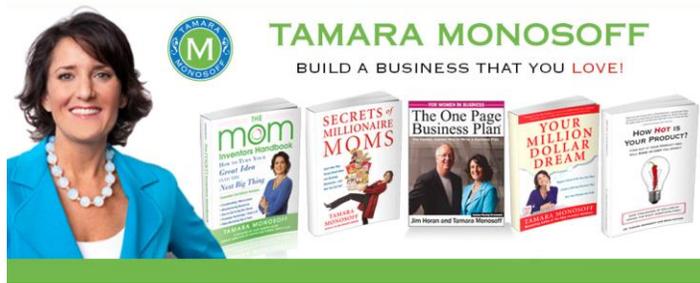


How to Set the Retail Price for Your Products

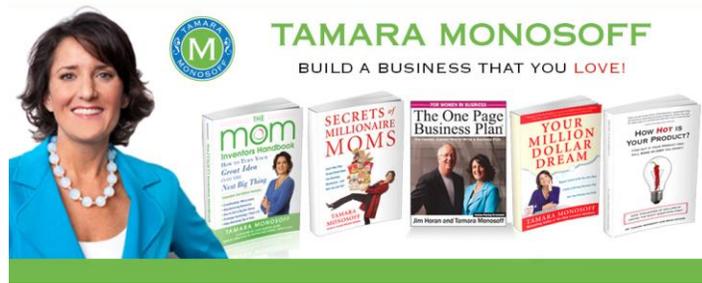
-- Including a simple fill-in-the-blank model you can use --

- Find similar existing items in stores and catalogs. Identify the price range and estimate your product retail price within that range (Remember: consumers are price sensitive and product entrepreneurs often think that people will pay more for their unique item. Think again.).
- Find other similar existing items** on Global Sourcing websites like: www.Alibaba.com and www.GlobalSources.com. This is a great way to come up with an estimated production cost for your product.
- Estimate the cost to produce your product.** Remember that your production cost should be 1/5 or 20% of the retail price. (For example: If your product retails for \$10 ideally your production costs should be at or below \$2.00 ($\$10/5=\2.00)).
- Ask consumers what they will pay.** Gather this critical information by hosting focus groups, surveys and interviews. (Note: don't just rely on feedback from friends and family.)
- Ask retailers how much they think the item could sell for at retail.** (Remember: small, local stores are often-times a great resource for gathering this information because the owners or managers are nearly always there).



Do simple math. (Trust me... If I can do it...You can do it!)

<u>You Sell Wholesale to Retailer</u>	<u>You Sell Wholesale to Distributor who then Sells to Retailer</u>
\$20.00 Retail Price paid by customer	\$20.00 Retail Price paid by customer
\$10.00 Wholesale price paid to you by retailer per unit.	\$10.00 Paid to distributor by retailer per unit.
_____	\$7.00 Distributor pays you \$7.00.
\$4.00 The production cost that you pay your factory per unit.	\$4.00 The production cost that you pay your factory per unit.
You earn \$6.00 Gross Profit Margin (60% Gross Margin).	You earn \$3.00 Gross Profit Margin (43% Gross Margin).



What is your income goal for this product?

For example, if you want to make \$100,000 annual gross profit margin from this product and let's say that you are working with a distributor and earning \$3.00 gross profit margin per unit for this item, than you will need to sell 33,333 units annually to meet your Gross Revenue goal. (\$100,000/\$3.00= 33,333 units annually).

If on the other hand, you are selling the item to retailers yourself and want to make \$100,000 annual gross profit margin from this product; and, let's say that you are earning \$6.00 gross profit margin per unit for this item, then you will need to sell 16,666 units annually to meet your Gross Revenue goal. (\$100,000/\$6.00= 16,666 units annually).

I hope this information serves you well.

Journey on!

Tamara



If you need more support, please join me at:

www.TamaraMonosoff.com/mentoring and make sure to add your name and email in the opt-in box (right side of screen) so that you're the first to hear announcements and news about upcoming programs.