

# Elevate – pricing your product

## Worksheet + Resource

### GETTING THE PRICE RIGHT

This is easily the most frequently asked question, but one with possibly the simplest answer. No matter what you are making or selling, the most successful pricing model is a combination of research, compromise and accurate costing. Generally speaking the equation for pricing is materials + labour = cost price, however you must also research what the standard 'market price' for similar products and pitch your price in order to be competitive. Research your market by visiting retail outlets, galleries and online shops. Whether you intend selling your work online, at a market or to a retailer it is essential you establish both a wholesale and recommended retail price. Most important is your wholesale price as it will determine what you expect to be paid for each item, however it is also useful to establish a recommended retail price if you are considering presenting your work to multiple retailers or wanting to sell it online or at a market.

- Research the pricing of similar products
- Have you covered your material costs?
- Have you covered your manufacturing costs?
- Have you accurately costed your labour costs?

Materials + Labour = Cost Price  
 Cost Price x 2 = Wholesale Price  
 Wholesale Price x 2 = Retail Price

### MATERIAL COSTS

This means replacing exactly the materials used in the manufacturing of your product. It is especially important if you are using recycled materials, or materials that you have already collected, factor in how long it would take you to replace the materials once you have used them.

- Initial material costs
- Replacing materials
- Using recycled materials
- Replacing found/collected materials

Material	Cost	Shipping

## MANUFACTURING COSTS

To keep costs down try to maximize the use of each design to spread design and prototyping costs across as many units as possible. This methodology can be applied to both one off pieces and limited production runs.

- Power
- Wear and tear on tools
- Lighting, heating, studio rental
- Product design and development

Manufacturing Cost	Unit (rate, per kw ect)	Estimated total

## LABOUR COSTS

Different types of work attract different labour costs, consider the level of skill and engagement needed to manufacture the product and cost your time appropriately. Things that can be finished at home in front of the TV should attract a different labour cost to those that need significant levels of attention, skills and equipment.

- Experience
- Expertise
- Outsourcing

Job	Hourly Rate	Per Product

## KNOW YOUR MARKET

RESEARCH! RESEARCH! RESEARCH! It is imperative irrespective of whether you intend to sell your work online, at a market or to a retailer that you have accurately determined who will buy your work, where they will buy it and how much they will spend on it.

- Who is your target market and where do they shop?
- Is there room within the current market for your product?
- How will you promote yourself to this target market?  
E.g. through a website or blog
- Who are your competitors?
- What are the retailers that represent the same ethos, aesthetic and philosophy that you align yourself and your products with?

## KEY TAKEAWAY

Price your product so you can make profit because with profit comes growth. Really understand your costs, track them and adjust them regularly if something changes.

**Materials + Labour = Cost Price**  
**Cost Price x 2 = Wholesale Price**  
**Wholesale Price x 2 = Retail Price**

Don't be scared by what the formula tells you. You can move this a little either way but make sure you're moving for the right reason. Market positioning, more margin for future costs. Don't move it because the little voice in your head tells you it's not worth it because for a lot of us are not our ideal customer and that is ok. It easy to move your prices down but moving them up is much much more of a challenge.