

Pricing Table

The following table indicates the change in sales volume that is required to compensate for a price discounting policy. For example, if your margin is 40% and you reduce your price by 10%, you need sales volume to increase by 33% to maintain your profit. Rarely has such a strategy worked in the past, and it's unlikely it will work in the future.

And you reduce your price by:	If your present margin is:										
	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%
	To produce the same profit your sales volume must increase by										
-2%	11%	9%	7%	6%	5%	5%	4%	4%	3%	3%	3%
-4%	25%	19%	15%	13%	11%	10%	9%	8%	7%	7%	6%
-6%	43%	32%	25%	21%	18%	15%	14%	12%	11%	10%	9%
-8%	67%	47%	36%	30%	25%	22%	19%	17%	15%	14%	13%
-10%	100%	67%	50%	40%	33%	29%	25%	22%	20%	18%	17%
-15%	300%	150%	100%	75%	60%	50%	43%	38%	33%	30%	27%
-20%		400%	200%	133%	100%	80%	67%	57%	50%	44%	40%
-25%			500%	250%	167%	125%	100%	83%	71%	63%	56%
-30%				600%	300%	200%	150%	120%	100%	86%	75%
-35%					700%	350%	233%	175%	140%	117%	100%

On the other hand, if you adopt a premium pricing strategy, the following table shows the amount by which your sales would have to decline following a price increase before your gross profit is reduced below its present level. For example, at the same 40% margin, a 10% increase in price could sustain a 20% reduction in sales volume.

And you increase your price by:	If your present margin is:										
	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%
	Your sales volume could decline by the amount below before your gross profit is reduced										
2%	9%	7%	6%	5%	5%	4%	4%	4%	3%	3%	3%
4%	17%	14%	12%	10%	9%	8%	7%	7%	6%	6%	5%
6%	23%	19%	17%	15%	13%	12%	11%	10%	9%	8%	8%
8%	29%	24%	21%	19%	17%	15%	14%	13%	12%	11%	10%
10%	33%	29%	25%	22%	20%	18%	17%	15%	14%	13%	13%
15%	43%	38%	33%	30%	27%	25%	23%	21%	20%	19%	18%
20%	50%	44%	40%	36%	33%	31%	29%	27%	25%	24%	22%
25%	56%	50%	45%	42%	38%	36%	33%	31%	29%	28%	26%
30%	60%	55%	50%	46%	43%	40%	38%	35%	33%	32%	30%
35%	64%	58%	54%	50%	47%	44%	41%	39%	37%	35%	33%