

This calculator enables you to start with what you determine is the appropriate STREET PRICE and then reverse engineer all of your other prices and costs in the The idea is to project what the distributor and retailer is likely to mark-up your costs according to their profit margin formulas.

# Pricing Calculator

[Product/Service Name]

## Pricing Scenarios

|   | A               | B               | C               | D               |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>Desired Street Price</b>                 | <b>\$99.00</b>  | <b>\$99.00</b>  | <b>\$99.00</b>  | <b>\$99.00</b>  |
| Distributor Margin                          | 5%              | 8%              | 7%              | 8%              |
| Retailer Mark-Up (Margin)                   | 25%             | 30%             | 25%             | 25%             |
| Retailer's Cost                             | \$74.25         | \$69.30         | \$74.25         | \$74.25         |
| <b>Distributor Cost</b>                     | <b>\$70.54</b>  | <b>\$63.76</b>  | <b>\$69.05</b>  | <b>\$68.31</b>  |
| Retailer's Profit                           | \$24.75         | \$29.70         | \$24.75         | \$24.75         |
| Distributor's Profit                        | \$3.71          | \$5.54          | \$5.20          | \$5.94          |
| <b>Suggested Retail Price (SRP)</b>         | \$132.00        | \$110.00        | \$110.00        | \$104.21        |
| Projected Discount from SRP                 | 25%             | 10%             | 10%             | 5%              |
| Discount Amount                             | \$33.00         | \$11.00         | \$11.00         | \$5.21          |
| Retailer's Discount from SRP                | 43.8%           | 37.0%           | 32.5%           | 28.8%           |
| Distributor's Discount from SRP             | 46.6%           | 42.0%           | 37.2%           | 34.5%           |
| <b>Costs of Selling</b>                     |                 |                 |                 |                 |
| Manufacturer's Rep Commission %             | 4.0%            | 5.0%            | 4.0%            | 5.0%            |
| Manufacturer's Rep Commission \$\$\$        | \$2.82          | \$3.19          | \$2.76          | \$3.42          |
| Cost of Marketing                           | 25%             | 25%             | 25%             | 25%             |
| Cost to Acquire Each Sale                   | \$17.63         | \$15.94         | \$17.26         | \$17.08         |
| <b>Revenue - Selling Costs</b>              | <b>\$50.08</b>  | <b>\$44.63</b>  | <b>\$49.03</b>  | <b>\$47.82</b>  |
| <b>Cost of Goods Sold</b>                   |                 |                 |                 |                 |
| Desired Gross Margin %                      | 40%             | 40%             | 40%             | 40%             |
| Desired Gross Margin \$                     | \$28.22         | \$25.50         | \$27.62         | \$27.32         |
| <b>Maximum Allowable COGS</b>               | <b>\$21.87</b>  | <b>\$17.85</b>  | <b>\$19.61</b>  | <b>\$19.13</b>  |
| <b>Minimum Gross Profit</b>                 | \$48.67         | \$45.90         | \$49.44         | \$49.18         |
| <b>Actual Cost of Goods</b>                 | <b>\$8.00</b>   | <b>\$9.00</b>   | <b>\$10.00</b>  | <b>\$11.00</b>  |
| Monthly Units Projection                    | 300             | 300             | 300             | 300             |
| Monthly Sales Projection                    | \$15,024        | \$13,389        | \$14,708        | \$14,345        |
| Monthly COGS + Selling Costs                | \$7,690         | \$7,482         | \$8,179         | \$8,423         |
| <b>Monthly Gross Profit - Selling Costs</b> | <b>\$7,334</b>  | <b>\$5,907</b>  | <b>\$6,529</b>  | <b>\$5,922</b>  |
| <b>Fixed Cost Investments</b>               |                 |                 |                 |                 |
| Investment in Packaging                     | \$1,250         | \$1,250         | \$1,250         | \$1,250         |
| Design                                      | \$7,500         | \$7,500         | \$7,500         | \$7,500         |
| Mechanicals & Film                          | \$500           | \$500           | \$500           | \$500           |
| Printing                                    | \$750           | \$750           | \$750           | \$750           |
| <b>Total</b>                                | <b>\$10,000</b> | <b>\$10,000</b> | <b>\$10,000</b> | <b>\$10,000</b> |
| Target Cost of Goods for Breakeven          | \$15.00         | \$15.00         | \$15.00         | \$15.00         |
| Target Months for Breakeven                 | 12              | 6               | 6               | 6               |
| <b>Break-Even Analysis</b>                  |                 |                 |                 |                 |
| SRP   | \$69.03         | \$66.29         | \$62.77         | \$60.45         |
| Street Price                                | \$51.77         | \$59.66         | \$56.49         | \$57.43         |
| Distributor Cost                            | \$36.89         | \$38.42         | \$39.40         | \$39.62         |
| Retailer Cost                               | \$38.83         | \$41.76         | \$42.37         | \$43.07         |
| Profit Margin                               | \$2.78          | \$5.56          | \$5.56          | \$5.56          |
| Cost to Acquire each customer               | \$21.72         | \$14.51         | \$18.11         | \$17.01         |
| Cost of Goods                               | \$19.09         | \$13.57         | \$15.85         | \$14.94         |

- The price you want retailers to actually sell product

- Calculates the price to distributors needed to drive

- This is the price you must sell your product to your

- Suggest this Retail Price (SRP) to enable the retail

- The store is going to promote this discount percent

- This is what their promo will say: 25% OFF! You S

- Some retailers want your price stated as their disc

- Equivalent discount given to Distributors -- their co

- Typical rep commissions range from 3%-15%

- Estimated marketing costs to promote additional p

- The gross margin you want to make on each unit.

- To achieve your pricing objectives, your costs of gr

- We've reversed engineered maximum COGS by fi

- Number of units currently selling / plan to sell

- Cumulative revenue by offering suite today

- Actual COGS + Costs of Selling x Monthly Units Pr