

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 food chain.

The idea is to project what the distributor and retailer is likely to mark-up your costs according to their profit margin formulas.

This model came about back when we were selling our BizPlanBuilder business planning software directly for \$99...

Launching into retail, the distributor wanted 70% off and the stores marked everything up 25% -- the resulting street price (on the shelves) was \$39.60!

Both the distributor and the retailers were complaining that they weren't making enough money! So, using this model, we raised the wholesale price to get a shelf price of \$99!

Everyone made more money!!

Pricing Calculator

[Product/Service Name]

Pricing Scenarios

	A	B	C	D
Desired Street Price	\$99.00	\$99.00	\$99.00	\$99.00
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
Distributor Cost	\$70.54	\$63.76	\$69.05	\$68.31
Retailer's Profit	\$24.75	\$29.70	\$24.75	\$24.75
Distributor's Profit	\$3.71	\$5.54	\$5.20	\$5.94
Suggested Retail Price (SRP)	\$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%
Costs of Selling				
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
Revenue - Selling Costs	\$50.08	\$44.63	\$49.03	\$47.82
Cost of Goods Sold				
Desired Gross Margin %	40%	40%	40%	40%
Desired Gross Margin \$	\$28.22	\$25.50	\$27.62	\$27.32
Maximum Allowable COGS	\$21.87	\$17.85	\$19.61	\$19.13
Minimum Gross Profit	\$48.67	\$45.90	\$49.44	\$49.18
Actual Cost of Goods	\$8.00	\$9.00	\$10.00	\$11.00
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
Monthly Gross Profit - Selling Costs	\$7,334	\$5,907	\$6,529	\$5,922
Fixed Cost Investments				
Investment in Packaging	\$1,250	\$1,250	\$1,250	\$1,250
Design	\$7,500	\$7,500	\$7,500	\$7,500
Printing	\$750	\$750	\$750	\$750
Total	\$9,500	\$9,500	\$9,500	\$9,500
Target Cost of Goods for Breakeven	\$15.00	\$15.00	\$15.00	\$15.00
Target Months for Breakeven	12	6	6	6
Break-Even Analysis				
SRP	\$68.75	\$65.79	\$62.30	\$59.99
Street Price	\$51.56	\$59.21	\$56.07	\$56.99
Distributor Cost	\$36.74	\$38.13	\$39.11	\$39.32
Retailer Cost	\$38.67	\$41.45	\$42.05	\$42.74
Profit Margin	\$2.64	\$5.28	\$5.28	\$5.28
Cost to Acquire each customer	\$21.86	\$14.79	\$18.39	\$17.29
Cost of Goods	\$19.23	\$13.85	\$16.13	\$15.22

- The price you want retailers to actually sell product for after they may discount it.

- Calculates the price to distributors needed to drive desired street price.

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

- Suggest this Retail Price (SRP) to enable the retailer to offer their discount to arrive at your desired street price.

- The store is going to promote this discount percentage from your SRP so they look like heroes to their customer

- This is what their promo will say: 25% OFF! You Save \$33

- Some retailers want your price stated as their discount from the SRP

- Equivalent discount given to Distributors -- their cost compared to SRP

- Typical rep commissions range from 3%-15%

- Estimated marketing costs to promote additional products

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

- To achieve your pricing objectives, your costs of goods cannot exceed this number.

- We've reversed engineered maximum COGS by first factoring in the costs of selling your product.

- Number of units currently selling / plan to sell

- Cumulative revenue by offering suite today

- Actual COGS + Costs of Selling x Monthly Units Projection