

WORKING OUT YOUR RETAIL PRICE QUICK GUIDE

COST PRICE



TOTAL COST OF
MATERIALS
TRIMS
LABOUR



WHOLESALE PRICE



× 2



RETAIL PRICE



RETAIL MARK UP *

× 3*



* RETAIL MARK UP FACTOR / TYPICALLY BETWEEN 2.4 & 3

WORKING OUT YOUR TARGET COST QUICK GUIDE

TARGET RETAIL PRICE / RRP



PRICE OF COMPARITIVE
RETAIL PRODUCT



WHOLESALE PRICE TARGET



$\div 3 *$



TARGET COST PRICE



$\div 2$



* RETAIL MARK UP FACTOR / TYPICALLY BETWEEN 2.4 & 3

NOTES

RETAIL PRICE / RRP = The price the retailer / shop/ online store will sell your product for. They can decide to sell it for more than you offer but please don't attempt to sell your product for less than the retailer. This is a sure fire way to annoy your retail partner.

WHOLESALE PRICE - The cost you sell your product to the retailer. The difference between the retail cost and wholesale cost - the retailers profit to cover rent, staff, promotion etc

RETAIL MARK UP = The factor / multiplier that retailers will use to work out how much to sell your product. Typically retailers work on a multiplier of 2.2 to 3 depending on their location and status. You can set your price list at a mark up of 2.4 / 2.7 etc (up to you) and then negotiate from there. It is good practice to know what extra you can offer the retailer as they will always ask for a better price

COST PRICE = This is the cost of making your product. The cost needs to include the cost of all your raw materials & labour. keep a record of the cost of fabric, trims, thread, swing tickets etc and build up a cost sheet. Get friendly with your calculator and excel ! You also need to factor in the cost of your labour or the cost to make in a factory or externally. It is a good idea when approaching factories to have a really clear indication of how much you need to pay to have your product made.

NOTES

YOUR PROFIT WHOLESALE MODEL

If you are selling wholesale to retailers then your profit is the difference between your cost price and wholesale price.

RETAILERS PROFIT

The retailers profit is the difference between the Retail price and the wholesale price minus the cost of rent, staff, promotion etc.

YOUR PROFIT RETAIL / DIRECT TO CONSUMER MODEL

If you only sell / also sell online or in your own shop your profit is the difference between your cost price and retail price minus cost for selling (rent, online store charges, transactions charges etc) You make more profit selling direct but also incur more costs.

PRICE LISTS / TERMS AND CONDITIONS

Prepare Price lists in advance of meeting retailers. Be prepared to negotiate on price so make sure you know them or have them printed so you can refer to them.

VAT

Remember about VAT. If you are registered for VAT you can claim back the VAT on goods and services you have purchased for your business and have to charge VAT on goods you supply. Make it really clear on your price lists and Terms and Conditions if your prices include / exclude VAT

DELIVERY

Remember to be clear if your price list includes delivery. Some retailers will expect you to cover this cost.