

Cost-plus pricing*

The price you charge for your product or service determines how profitable your business is, and how customers view your business. It's one of the most important decisions you'll make..

Obviously your prices will need to be high enough to ensure you cover all your costs and operate at a profit. But there is more to choosing a price than that. Your pricing strategy will also be determined by a number of other factors, including the prices your competitors charge, prevailing industry conditions, and whether you plan to position yourself as a value-for-money supplier, a provider of quality goods and services, or somewhere in between.

This cost-plus pricing model takes the cost of producing your product or service and adds an amount that you need to make as profit, usually expressed as a percentage of the cost. Cost-plus pricing ignores your business image and market position and is best suited to businesses with a large product range and high sales volumes, or markets where there is a lot of price competition.

COSTS PER ITEM

Raw Materials per item

Freight

Packaging

Labor

Other

Total Cost

Required Margin

Current Tax Rate (%)

Sales Price:

excl Tax

Important Disclosures

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