Guide: Should you be increasing your prices?

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 a 40% margin, a 10% increase in price could sustain a 20% reduction in sales volume. Run the numbers and look at what's workable for your business.

If your present gross profit rate is:

	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%
Price increase:	**To produce the same profit your sales may reduce by:**											
2%	29%	17%	12%	9%	7%	6%	5%	5%	4%	4%	4%	3%
4%	44%	29%	21%	17%	14%	12%	10%	9%	8%	7%	7%	6%
6%	55%	38%	29%	23%	19%	17%	15%	13%	12%	11%	10%	9%
8%	62%	44%	35%	29%	24%	21%	19%	17%	15%	14%	13%	12%
10%	67%	50%	40%	33%	29%	25%	22%	20%	18%	17%	15%	14%
12%	71%	55%	44%	38%	32%	29%	26%	23%	21%	19%	18%	17%
14%	74%	58%	48%	41%	36%	32%	29%	26%	24%	22%	20%	19%
16%	76%	62%	52%	44%	39%	35%	31%	29%	26%	24%	23%	21%
18%	78%	64%	55%	47%	42%	38%	34%	31%	29%	26%	25%	23%
20%	80%	67%	57%	50%	44%	40%	36%	33%	31%	29%	27%	25%
25%	83%	71%	62%	56%	50%	45%	42%	38%	36%	33%	31%	29%
30%	86%	75%	67%	60%	55%	50%	46%	43%	40%	38%	35%	33%

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