

# The Effects of a Discounting Strategy

This chart shows the ill effects of discounting as a strategy to increase sales. Use the first column to find your current profit margin. Move across the headings to find the discount that you may be considering. The intersection shows the % increase that you would need in sales to pay for the discount. For example, if you currently have a 35% profit margin, and you were considering a 15% discount, you would need to increase sales by 75% - just to make the same profit in dollars!!!

| If your normal Profit Margin is... | -----Discount off full price----- |           |           |           |           |           |           |           |           |           |
|------------------------------------|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                    | 5%                                | 10%       | 15%       | 20%       | 25%       | 30%       | 35%       | 40%       | 45%       | 50%       |
| 5%                                 | No income                         | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 7%                                 | 250%                              | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 10%                                | 100%                              | No income | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 12%                                | 71%                               | 500%      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 15%                                | 50%                               | 200%      | No income | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 17%                                | 42%                               | 143%      | 750%      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 20%                                | 33%                               | 100%      | 300%      | No income | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 22%                                | 29%                               | 83%       | 214%      | 1000%     | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 25%                                | 25%                               | 67%       | 150%      | 400%      | No income | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 27%                                | 23%                               | 59%       | 125%      | 286%      | 1250%     | LOSS      | LOSS      | LOSS      | LOSS      | LOSS      |
| 30%                                | 20%                               | 50%       | 100%      | 200%      | 500%      | No income | LOSS      | LOSS      | LOSS      | LOSS      |
| 32%                                | 19%                               | 45%       | 88%       | 167%      | 357%      | 1500%     | LOSS      | LOSS      | LOSS      | LOSS      |
| 35%                                | 17%                               | 40%       | 75%       | 133%      | 250%      | 600%      | No income | LOSS      | LOSS      | LOSS      |
| 37%                                | 16%                               | 37%       | 68%       | 118%      | 208%      | 429%      | 1750%     | LOSS      | LOSS      | LOSS      |
| 40%                                | 14%                               | 33%       | 60%       | 100%      | 167%      | 300%      | 700%      | No income | LOSS      | LOSS      |
| 42%                                | 14%                               | 31%       | 56%       | 91%       | 147%      | 250%      | 500%      | 2000%     | LOSS      | LOSS      |
| 45%                                | 13%                               | 29%       | 50%       | 80%       | 125%      | 200%      | 350%      | 800%      | No income | LOSS      |
| 47%                                | 12%                               | 27%       | 47%       | 74%       | 114%      | 176%      | 292%      | 571%      | 2250%     | LOSS      |
| 50%                                | 11%                               | 25%       | 43%       | 67%       | 100%      | 150%      | 233%      | 400%      | 900%      | No income |
| 52%                                | 11%                               | 24%       | 41%       | 63%       | 93%       | 136%      | 206%      | 333%      | 643%      | 2500%     |
| 55%                                | 10%                               | 22%       | 38%       | 57%       | 83%       | 120%      | 175%      | 267%      | 450%      | 1000%     |
| 57%                                | 10%                               | 21%       | 36%       | 54%       | 78%       | 111%      | 159%      | 235%      | 375%      | 714%      |
| 60%                                | 9%                                | 20%       | 33%       | 50%       | 71%       | 100%      | 140%      | 200%      | 300%      | 500%      |
| 62%                                | 9%                                | 19%       | 32%       | 48%       | 68%       | 94%       | 130%      | 182%      | 265%      | 417%      |
| 65%                                | 8%                                | 18%       | 30%       | 44%       | 63%       | 86%       | 117%      | 160%      | 225%      | 333%      |
| 67%                                | 8%                                | 18%       | 29%       | 43%       | 60%       | 81%       | 109%      | 148%      | 205%      | 294%      |
| 70%                                | 8%                                | 17%       | 27%       | 40%       | 56%       | 75%       | 100%      | 133%      | 180%      | 250%      |

# The Effects of Raising Prices

This chart shows the effects of raising your prices. Use the first column to find your current profit margin. The headings at the top are the % increase that you may be considering. Find the box that corresponds to learn how much you could LOSE in sales - and keep the same dollars in the end! For example, if you have a 35% profit margin, and you increased your prices by 10%, you could lose 22% of your sales - and make the same amount of money!!!

| If your normal Profit Margin is... | -----Increase in full price----- |     |     |     |     |     |     |     |     |     |
|------------------------------------|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                                    | 5%                               | 10% | 15% | 20% | 25% | 30% | 35% | 40% | 45% | 50% |
| 5%                                 | 50%                              | 67% | 75% | 80% | 83% | 86% | 88% | 89% | 90% | 91% |
| 7%                                 | 42%                              | 59% | 68% | 74% | 78% | 81% | 83% | 85% | 87% | 88% |
| 10%                                | 33%                              | 50% | 60% | 67% | 71% | 75% | 78% | 80% | 82% | 83% |
| 12%                                | 29%                              | 45% | 56% | 63% | 68% | 71% | 74% | 77% | 79% | 81% |
| 15%                                | 25%                              | 40% | 50% | 57% | 63% | 67% | 70% | 73% | 75% | 77% |
| 17%                                | 23%                              | 37% | 47% | 54% | 60% | 64% | 67% | 70% | 73% | 75% |
| 20%                                | 20%                              | 33% | 43% | 50% | 56% | 60% | 64% | 67% | 69% | 71% |
| 22%                                | 19%                              | 31% | 41% | 48% | 53% | 58% | 61% | 65% | 67% | 69% |
| 25%                                | 17%                              | 29% | 38% | 44% | 50% | 55% | 58% | 62% | 64% | 67% |
| 27%                                | 16%                              | 27% | 36% | 43% | 48% | 53% | 56% | 60% | 63% | 65% |
| 30%                                | 14%                              | 25% | 33% | 40% | 45% | 50% | 54% | 57% | 60% | 63% |
| 32%                                | 14%                              | 24% | 32% | 38% | 44% | 48% | 52% | 56% | 58% | 61% |
| 35%                                | 13%                              | 22% | 30% | 36% | 42% | 46% | 50% | 53% | 56% | 59% |
| 37%                                | 12%                              | 21% | 29% | 35% | 40% | 45% | 49% | 52% | 55% | 57% |
| 40%                                | 11%                              | 20% | 27% | 33% | 38% | 43% | 47% | 50% | 53% | 56% |
| 42%                                | 11%                              | 19% | 26% | 32% | 37% | 42% | 45% | 49% | 52% | 54% |
| 45%                                | 10%                              | 18% | 25% | 31% | 36% | 40% | 44% | 47% | 50% | 53% |
| 47%                                | 10%                              | 18% | 24% | 30% | 35% | 39% | 43% | 46% | 49% | 52% |
| 50%                                | 9%                               | 17% | 23% | 29% | 33% | 38% | 41% | 44% | 47% | 50% |
| 52%                                | 9%                               | 16% | 22% | 28% | 32% | 37% | 40% | 43% | 46% | 49% |
| 55%                                | 8%                               | 15% | 21% | 27% | 31% | 35% | 39% | 42% | 45% | 48% |
| 57%                                | 8%                               | 15% | 21% | 26% | 30% | 34% | 38% | 41% | 44% | 47% |
| 60%                                | 8%                               | 14% | 20% | 25% | 29% | 33% | 37% | 40% | 43% | 45% |
| 62%                                | 7%                               | 14% | 19% | 24% | 29% | 33% | 36% | 39% | 42% | 45% |
| 65%                                | 7%                               | 13% | 19% | 24% | 28% | 32% | 35% | 38% | 41% | 43% |
| 67%                                | 7%                               | 13% | 18% | 23% | 27% | 31% | 34% | 37% | 40% | 43% |
| 70%                                | 7%                               | 13% | 18% | 22% | 26% | 30% | 33% | 36% | 39% | 42% |