

THE BEGINNER'S PRICING GUIDE

HOW MUCH SHOULD I CHARGE?



KNOW
YOUR COST



SET
YOUR FLOOR



CHECK
THE MARKET



CHOOSE
YOUR PRICE

STOP GUESSING. PRICE WITH A REASON.

WELCOME

Pricing feels difficult because there is rarely one perfect number.

This guide helps you build a starting price using your real costs, the market around you, and the value your customer receives.



Your goal is not to find the cheapest price. Your goal is to find a price that customers can understand and your business can survive.

A sale is not useful if every sale quietly loses money.

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PRICING SECTION #01

WHY PRICING MATTERS

Your price affects profit, positioning, and what customers expect.

TOO LOW

You may win attention but still create a business that cannot pay you.

TOO HIGH

A high price without enough perceived value can stop the sale.

THE BETTER QUESTION

Instead of asking 'What is the cheapest I can charge?' ask: 'What price covers my costs, fits the market, and makes sense for the value I deliver?'

THE THREE INPUTS

COST -> MARKET -> CUSTOMER VALUE

PRICING SECTION #02

KNOW YOUR TRUE COST

Materials are only one part of what a sale can cost you.

MATERIALS / INVENTORY

What physically goes into the product?

YOUR TIME / LABOR

How much time does one order or client require?

FEES

Payment processing, marketplace, shipping, software, commissions.

OVERHEAD

Rent, phone, insurance, subscriptions, equipment.

CUSTOMER ACQUISITION

Ads, samples, discounts, or sales commissions.

PRICING SECTION #03

FIND YOUR PRICE FLOOR

Your floor is the point below which the sale stops making economic sense.

START HERE

TRUE COST PER SALE = direct costs + labor + fees + a reasonable share of overhead

Your selling price normally needs to be above this number if the business is going to generate profit.

YOUR NUMBERS

Direct costs: \$

Labor/time: \$

Fees: \$

Overhead allocation: \$

TRUE COST: \$

PRICING SECTION #04

MARKUP VS. MARGIN

These sound similar, but they are not the same calculation.

MARKUP

Profit measured against your cost. If something costs \$100 and you add 50%, the price becomes \$150.

MARGIN

Profit measured against the selling price. A \$100 cost sold for \$150 has a 33.3% gross margin.

EXAMPLE

\$100 COST + 50% MARKUP = \$150 PRICE

\$50 gross profit / \$150 selling price = 33.3% gross margin

DO NOT MIX THEM UP

If you want a target gross margin, use: **PRICE = COST / (1 - TARGET MARGIN)**

PRICING SECTION #05

CHECK THE MARKET

Competitors give you context - not permission to copy their price.

LOW

Lowest credible alternative

MIDDLE

Common market price

HIGH

Premium or specialized option

COMPETITOR CHECK

Competitor 1

Price: \$

What is included?

Competitor 2

Price: \$

What is included?

Competitor 3

Price: \$

What is included?

Competitor 4

Price: \$

What is included?

The market is a reference point. Your offer still needs its own reason to exist.

PRICING SECTION #06

PRICE FOR VALUE

Customers compare price to the result they believe they will receive.

What problem am I solving?

How expensive or frustrating is that problem?

What does the customer gain: time, money, convenience, status, confidence?

What makes my version easier, faster, safer, or better?

PRICE IS NOT JUST ABOUT WHAT IT COSTS YOU. IT IS ALSO ABOUT WHAT THE RESULT IS WORTH TO THE CUSTOMER.

PRICING SECTION #07

PRODUCTS VS. SERVICES

The math starts differently depending on what you sell.

PRODUCT PRICING

Start with true unit cost: materials, packaging, inbound shipping, transaction fees, fulfillment, and allocated overhead. Then add the margin your business needs.

SERVICE PRICING

Start with time, expertise, direct expenses, overhead, capacity, and the result delivered. Do not assume hourly pricing is your only option.

SERVICE OPTIONS

Hourly

Flat project

Package

Retainer / recurring

PRICING SECTION #08

BUILD THREE PRICE OPTIONS

Giving customers clear choices can make your offer easier to understand.

STARTER	CORE	PREMIUM
The simplest useful version	The option you most want to sell	More access, speed, scope, or convenience
Includes:	Includes:	Includes:
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
PRICE: \$	PRICE: \$	PRICE: \$
<hr/>	<hr/>	<hr/>

YOUR ANCHOR

Make the differences meaningful. Do not create three nearly identical offers with random price gaps.

PRICING SECTION #09

BREAK-EVEN CALCULATOR

Know how many sales you need before the business covers its fixed costs.

BREAK-EVEN UNITS = FIXED COSTS / (PRICE - VARIABLE COST PER SALE)

Example: \$1,000 fixed costs / (\$100 price - \$50 variable cost) = 20 sales to break even.

Monthly fixed costs: \$

Selling price: \$

Variable cost per sale: \$

Contribution per sale: \$

BREAK-EVEN SALES:

PRICING SECTION #10

PRICING MISTAKES

Pricing problems often start before the number is ever shown to a customer.

COPYING COMPETITORS

Their costs, positioning, and goals may be completely different.

FORGETTING YOUR TIME

A service can look profitable until you calculate the hours required.

CONFUSING SALES WITH PROFIT

Revenue coming in does not mean the sale was profitable.

DISCOUNTING TOO FAST

A discount cuts directly into what remains after your costs.

NEVER TESTING

Your first price is a starting hypothesis, not a permanent law.

PRICING SECTION #11

PRICING SCORECARD

Score each statement from 1 (weak) to 5 (strong).

CRITERIA	SCORE (1-5)
1. I know my true cost per sale.	1 2 3 4 5
2. I include my time or labor.	1 2 3 4 5
3. I understand competitor prices.	1 2 3 4 5
4. My customer can see the value.	1 2 3 4 5
5. My price leaves room for profit.	1 2 3 4 5
6. I can explain why I charge this price.	1 2 3 4 5

TOTAL SCORE**/30**

PRICING SECTION #12

CHOOSE YOUR STARTING PRICE

Use the work in this guide to make a decision you can actually test.

My true cost: \$

My minimum acceptable price: \$

Typical competitor range: \$

My customer's value/result:

My starting price: \$

Why this price makes sense:

Set it. Sell it. Listen. Adjust with evidence.

YOU HAVE A PRICE. NOW TEST IT IN THE MARKET.

Know your costs.

Understand your customer.

Make the offer and learn from the response.

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