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PRICING STRATEGIES - REDUCE

THE FOLLOWING TABLE INDICATES THE INCREASE IN SALES THAT ARE REQUIRED TO COMPENSATE FOR A PRICE DISCOUNTING POLICY.

FOR EXAMPLE, IF YOUR MARGIN IS 40% AND YOU REDUCE YOUR PRICE BY 10% YOU NEED SALES VOLUME TO INCREASE BY 33% TO MAINTAIN YOUR PROFIT.

RARELY HAS SUCH A STRATEGY WORKED IN THE PAST AND IT'S UNLIKELY THAT IT WILL WORK IN THE FUTURE.

IF YOUR PRESENT MARGIN IS:

20%	25%	30%	35%	40%	45%	50%	55%	60%
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AND YOU REDUCE YOUR PRICE BY:

TO PRODUCE THE SAME PROFIT YOUR SALES VOLUME MUST INCREASE BY:

2%	11%	9%	7%	6%	5%	5%	4%	4%	3%
4%	25%	19%	15%	13%	11%	10%	9%	8%	7%
6%	43%	32%	25%	21%	18%	15%	14%	12%	11%
8%	67%	47%	36%	30%	25%	22%	19%	17%	15%
10%	100%	67%	50%	40%	33%	29%	25%	22%	20%
12%	150%	92%	67%	52%	43%	36%	32%	28%	25%
14%	233%	127%	88%	67%	54%	45%	39%	34%	30%
16%	400%	178%	114%	84%	67%	55%	47%	41%	36%
18%	900%	257%	150%	106%	82%	67%	56%	49%	43%
20%		400%	200%	133%	100%	80%	67%	57%	50%
25%			500%	250%	167%	125%	100%	83%	71%
30%				600%	300%	200%	150%	120%	100%