

Maximizing Profits: Strategic Pricing for Business Success



Agenda



Lizz
Presenter

1. Understanding Your Market
2. Understanding Pricing Strategies
3. Common Pricing Mistakes to Avoid
4. Live Example
5. Key Takeaways

Understanding Your Market

To price your products or services effectively, you first need to deeply understand your market.

- **Analyze market trends and shifts in demand**
 - Subscribe to industry newsletters, attend trade shows, and follow thought leaders to identify the industry trends and insights.

Study Buying Behavior

- Monitor what products are selling and at what price points.
- Habitual Buyer Vs. Variety Seeking Buyer
- Influencer marketing shaping decisions.



Understanding the Different Pricing Strategies

- **Tiered Pricing:** Offering multiple pricing levels based on customer preferences or product features. Offer different pricing levels based on the design complexity, number of colors, or type of transfer. (*Good, better, best model*)
- **Bundle Pricing:** Grouping products together for a special price. (e.g. T-shirt + hat + packing)
- **Seasonal or Trend-Based Pricing:** Adjusting prices based on demand, holidays, or trends. Example: Pricing apparel higher during holidays or special events.



Understanding the Different Pricing Strategies cont.

- **Cost-Plus Pricing:** Define and explain how to calculate costs and add a profit margin.
- **Value-Based Pricing:** Pricing based on the perceived value to the customer rather than cost.

Cost Plus Pricing vs. Value

Use **cost-plus pricing** as a **baseline**, but don't stop there. Research:

- What are competitors charging?
- What does your target audience expect to pay?
- Are there similar products/services with better perceived value?

Switch to **Value-Based Pricing** When Possible

- Ask yourself:

What is this worth to my customer?

If your product solves a unique problem or offers a better experience (e.g., durability, faster production, custom designs), price based on **value delivered**, not just cost.

Cost Plus Pricing

• Your Cost
\$10
(Blanks \$5 + Transfer \$2 +
Labor \$3)

Your Price
\$25

Your Profit
\$15
(60% Margin)

That's a **60% margin**
(aka, you're doing great!)

«

Get Started

Edit

Add Text

Add Clip Art

Add Layout

Upload

Beta

Team Builder

Mock Up

Print Standards

Edit

Font

Color

Width

Height

☒ Resize Proportionally

Pattern Fill

Outline

Distress

Applied Effects

Multiple Fonts >

13.46

in

10.76

in

None

Add >

None

Add >

None

Add >

None

Add >



Apparel Color

Layouts: QTG-4, ...

Print Method

Screen Print

Goof Proof

Size

11.25 x 14 Sheet

13.46" W x 10.76" H Design

Quantity

12

0 Color Changes

Notes

Add Notes

\$66.36

\$5.53 per Image

> Next

Port & Company® - Fan Favorite Tee PC450

1-12qty \$3.58

13-35qty \$3.36

36+qty \$3.14



Cost Breakdown

Item	Cost per Unit
PC450 T-shirt	\$3.58
Heat Transfer Design	\$1.10 +(Add for each print location aka VALUE)
Labor (pressing)	\$2.00
Packaging	\$0.50
Total Cost	\$7.18 (Per T-shirt)

12 T-shirts= \$86.16

Sell 12t-shirts x \$25= \$300

\$300(profit)- \$86.16(Labor) = Pocket \$213.84 ☺

Pricing Mistakes to Avoid



→ **Underpricing:** Consequences of undervaluing products and not covering costs.

→ **Not Accounting for All Costs:** Overlooking hidden costs like labor, utilities, and packaging.

→ **Not Adjusting for Market Trends:** Failing to adjust prices when materials or demand change. If a specific design trend becomes popular (e.g., vintage graphics, tie-dye), failing to raise your prices accordingly might hurt profits.

→ **Being Afraid to Raise Prices:** Addressing the fear of losing customers when increasing prices. After building a reputation for top-notch heat transfer designs, it's okay to increase your pricing once demand is established.



Guess That Price!

- A. \$30.00
- B. \$45.50
- C. \$60.00
- D. None of the Above



Key Takeaways

- Know your market
- Price for profit, not fear
- Position for value, not just cost
- Pricing is not “set it and forget it”



Remember, the process never stops. You will continually be evaluating and making improvements to maintain growth.

Additional Insights!



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Thanks for Attending!

Any Questions?



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