

BEST PRACTICES FOR PRICING YOUR GOODS OR SERVICES

Before you start selling on Fempreneurs Marketplace, it is important to understand how the “**Fempreneurs Shopper Discount**” and our **admin fee** works so you can incorporate when pricing your goods/services.

1. Fempreneurs Shopper Discount

To encourage return shoppers, we ask that all vendors offer a recurring **10% discount on goods and services sold**. The success of our marketplace relies on both new and recurring shoppers!

- For **STORES**; this 10% will automatically be deducted at checkout.
- For **LISTINGS**; you'll provide a special 10% coupon code in your listing for people to use directly on your own website. (Make sure that this coupon is easily recognised as a Fempreneurs referral eg. Fem10%)

2. Our Admin Fee

We hope you've worked out by now that, unlike other marketplaces, Fempreneurs is not purely demonstrated by profits. We have amongst the lowest online marketplace fees in South Africa! Having said this, we do need to cover our operating costs and grow your shopper traffic via social media etc.

To help us achieve this, we charge a **3% admin fee on all goods sold through our STORES**.

Psst... some of the marketplaces charge up to 20% commission on goods sold 😱

NOW FOR THE FUN PART:

Pricing Your Goods or Services

There are three straightforward steps to calculating a sustainable price for your product/service.

1. [Add up your variable costs \(per product\)](#)
2. [Add a profit margin](#)
3. [Don't forget about fixed costs](#)
4. [Putting it all together: Pricing Calculator Template](#)

1. Add up your variable costs (per product)

An effective pricing strategy relies on understanding costs. If you purchase products, determine the cost per unit (cost of goods sold).

If you make products, analyze raw materials, labor, and overhead costs. Include your valuable time by setting an hourly rate and dividing it by the number of products made. Incorporate time as a variable cost.

Set a price based on what your target customers will consistently pay. Prioritize market research to gauge customer willingness to pay before considering competition.

2. Consider your profit margin

After determining the variable costs per product sold, it's essential to incorporate profit into your pricing. Suppose you aim for a 20% profit margin on top of the variable costs. When selecting this percentage, keep two things in mind:

- **Fixed costs:** Remember that there are costs beyond the variable costs that need to be covered.
- **Market considerations:** Ensure your price range falls within the acceptable range for your market. If your price is significantly higher than competitors, selling may become challenging.

To calculate the price, divide the total variable costs by 1 minus the desired profit margin (expressed as a decimal). For a 20% profit margin (0.2), divide the variable costs by 0.8.

Target price = (Variable cost per product) / (1 - your desired profit margin as a decimal)

3. Don't forget about fixed costs

Variable costs aren't your only costs.

Fixed costs are the expenses that you'd pay no matter what, and that stays the same whether you sell 10 products or 1,000 products. They're an important part of running your business, and the goal is that they're covered by your product sales as well.

4. Putting it all together

Now you've worked out your VARIABLE COSTS + PROFIT MARGIN + FIXED COSTS, it's time to work out the cost of your product or service.

To make life easier, we've created a handy Product Pricing Template to help you decide on the ideal price to sell your product or service in your store on Fempreneurs (you're welcome 😊).

[CLICK HERE TO DOWNLOAD OUR TEMPLATE](#) or find it on our [Support Page](#).

The “Charm Pricing” trick

You know that clever pricing strategy called "charm" pricing? It's the one where **you drop the left digit by one and slap on a "something ninety-nine" at the end.**

Turns out, our brains are easily swayed by this trick. We tend to judge prices from left to right, so a measly one-cent difference between R300 and R299 doesn't hit us the same way as the gap between R305 and R300. Our perception kicks in lightning-fast, and by the time we reach the "ninety-nine" part, it's too late to change our minds. Sneaky, right? And to top it off, making that "ninety-nine" smaller in size downplays its significance..

Psst...Final note...remember when pricing your product remember to **factor in that your customer also needs to pay courier fees.** While we have negotiated some awesome discount rates with Pargo, this still adds to the final 'buying value proposition' decision from your customers perspective. If the purchase is big enough then you offer free shipping if you choose ;)