



T: 03 8199 3000
 F: 03 8199 3099
 ABN 21 109 303 814

PO Box 95 Burwood VIC 3125
 1414 Toorak Road Camberwell VIC 3124

PRICING STRATEGIES - INCREASE

...ON THE OTHER HAND IF YOU ADOPT A PREMIUM PRICING STRATEGY, THE FOLLOWING TABLE SHOWS THE AMOUNT BY WHICH YOUR SALES WOULD HAVE TO DECLINE FOLLOWING A PRICE INCREASE, BEFORE THE GROSS PROFIT IS REDUCED BELOW ITS PRESENT LEVEL.

FOR EXAMPLE, AT THE SAME 40% MARGIN A 10% INCREASE IN PRICE COULD SUSTAIN A 20% REDUCTION IN SALES VOLUME.

IF YOUR PRESENT MARGIN IS:

20%	25%	30%	35%	40%	45%	50%	55%	60%
-----	-----	-----	-----	-----	-----	-----	-----	-----

AND YOU
 INCREASE
 YOUR PRICE BY:

YOUR SALES COULD DECLINE BY THE AMOUNT
 SHOWN BELOW BEFORE YOUR GROSS PROFIT IS
 REDUCED

2%	9%	7%	6%	5%	5%	4%	4%	4%	3%
4%	17%	14%	12%	10%	9%	8%	7%	7%	6%
6%	23%	19%	17%	15%	13%	12%	11%	10%	9%
8%	29%	24%	21%	19%	17%	15%	14%	13%	12%
10%	33%	29%	25%	22%	20%	18%	17%	15%	14%
12%	38%	32%	29%	26%	23%	21%	19%	18%	17%
14%	41%	36%	32%	29%	26%	24%	22%	20%	19%
16%	44%	39%	35%	31%	29%	26%	24%	23%	21%
18%	47%	42%	38%	34%	31%	29%	26%	25%	23%
20%	50%	44%	40%	36%	33%	31%	29%	27%	25%
25%	56%	50%	45%	42%	38%	36%	33%	31%	29%
30%	60%	55%	50%	46%	43%	40%	38%	35%	33%