

A SIMPLE GUIDE FOR BEGINNERS



CALCULATING PRODUCT PRICES

Why Does pricing matter?

Setting the right price is important for both business growth & customer trust. The right pricing covers costs, provides profit & highlights the high quality of your unique honey. It tells customers they're buying a premium product & helps build a loyal brand following. Balanced pricing makes it easier to sell wholesale, helping your brand reach more people.

Market Demand & Competition

Research what similar honey products are priced at for both retail & wholesale. Aim to align with or slightly undercut competitors to stay competitive while still covering costs.

Allow for Volume Discounts

For wholesale buyers purchasing in bulk, consider offering volume discounts to encourage larger orders. Common volume discount rates are:

- 10% Discount for orders above 100 units.
- 15% Discount for orders above 500 units.

STEP ONE



Calculate Cost Per Unit

Determine total cost to produce one unit of packed honey.

This includes:

Raw Materials: Cost of honey, jars, labels, lids & packaging.

Labor: Time spent harvesting, processing, and packaging.

Overhead: Rent, utilities, equipment maintenance & transportation.

Marketing & Admin: Website maintenance, advertising, Xero & other business costs.

STEP TWO



Add your profit margin

For retail & wholesale, you'll want to add a profit margin to cover expenses & grow your business.

Typical margins are:

Retail: Add 40%–60% to cost

W/sale: Add 20%–40% to cost

STEP THREE



Assess pricing regularly

Be sure to keep up to date with any increases to costing and adjust pricing if required.

Simple Pricing Formula:

$$\text{Total Cost per Unit} = (\text{Raw Materials} + \text{Labor} + \text{Overhead} + \text{Marketing}) / \text{Number of Units Produced}$$

