

# How to Use Price Lists to Maximize Profit

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There are two primary things that you can do with price lists that can directly affect the profit you earn on each job. You can identify competitor price segments, and you can track price changes. In both cases, our Real Prices Confidential (RPC) online database of price points can be a key resource for this analysis.

For example, suppose you are selling desktop publishing services and want to analyze the market and your competitors to position your company for maximum profit potential.

Access the pricing database and search for “Production / DTP layout / hour” within the region you want to analyze. (You can search by country, state/province, city, and even multiple states, should you be located near the border of another state or province.) Copy the prices that result from your search into a spreadsheet. Sort the list in ascending order by dollar amount. Then make a list of “price - times mentioned” for each price point (\$10/hr - 12 times, \$15/hr - 6 times, etc.). Have the spreadsheet software create a price distribution chart for the area of analysis (price versus frequency of use). See the article “Segmented Price Analysis” in the Tutorial section of Real Prices Confidential.

Study the chart and note how prices group. These groupings identify market segments in which competitors compete for customers and clients.

Select a price grouping in which you want to compete. Each grouping has associated restrictions on what price moves that you can make within that segment. Once you have your price group selected, read the comments for each price point in RPC to see if you can determine the size and character of each competitor. Then model your company and your marketing to reach those customers and clients who are attracted to the price segment in which you have positioned your company. This should improve your prospect-to-customer hit ratio and make your company more profitable.

A second thing that you can do with price lists and the price distribution chart is to develop a historical record of prices. To do this, periodically pull prices from an RPC search and generate a new price distribution chart. Compare the new chart with previous charts. You may see a price shift beginning to occur. This lets you respond quickly to changing market conditions.

Suppose you are tracking web site design prices and you note two groupings centered around \$60 an hour and \$75 an hour. On one price check you found that there were 25 prices listed at \$60 an hour and 15 at \$75 an hour. When you did your next price check, you discover that there are now 33 prices at \$60, but only seven at \$75.

The market is shifting to a lower price segment. If your current site design rate is \$75 an hour, you have a marketing decision to make. Should you hold your prices firm at \$75 an hour and work harder to increase value in the eyes of your clients? Or should you ratchet your rates down where most of the buyers seem to be concentrating.

The key is that you wouldn't know this shift were occurring without the ability to get competitor prices. Your subscription to Real Prices Confidential gives you access to over 75,000 actual price points. This resource gives you the ability to develop price distribution charts and analyze competitor prices so you can maximize the profit that your company earns each and every year. Subscribe today at [www.brennerbooks.com](http://www.brennerbooks.com). Why wait to position your company for more profit?