

Ask Profit Planning Group...

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You suggest that we should raise our prices on selected items. Our industry is very price competitive. Which items should we raise prices on?

Profit Planning Group says “You have to hunt for them.”

The key to raising prices is finding the items that nobody really knows the price of and nobody really cares. What they want, more than anything in the world, is that you to have it when they need it.

Unfortunately, items don't have a bar code on them that says it is okay to raise the price. You have to hunt for them. Generally, items with three or more of the following characteristics are very good candidates for price increases:

- **Slow Selling**
Generally D items.
- **Not Heavily Promoted**
A lack of readily available price information means there is uncertainty regarding price.
- **Low Dollar Value**
Items that sell for \$2 as opposed to \$2,000, or even \$200.
- **Infrequently Purchased**
Items that are bought only episodically. A specific customer may buy a specific individual, slow-selling item only once every two years or so.
- **Bought Only When Absolutely Needed**
Items purchased only when specific needs arise.
- **Unique Items**
Items that are not readily available from other sources of supply.
- **Repair and Service Parts**
Small-dollar purchases that allow the buyer to forego a larger purchase.