

# How Much To Charge For Your Products Or Services

By Bob Brolhorst

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A-1 Internet Marketing Newsletter <http://www.wave5marketing.com/newsletter.htm>

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This is the biggest problem that people have when starting a business. If you're selling a product, it's pretty straightforward: cost + overhead + %profit = what you charge. But, if you're selling a service, that's more difficult. How much is your time and knowledge worth? How much time in dollars will you be saving your customers by providing your service? How important is your service? If you're one of many in the same industry, what makes your service special or how is it better than your competition?

When I started my business, I took a researched similar types of companies. I was able to get an idea of the price they were charging. By offering some extras that my competition wasn't I could justify charging more and my customers knew that and didn't mind paying extra for the added services. I found a niche that wasn't being met by any other size company similar or larger.

To determine what you should charge, find out how unique you are, the type of quality you can deliver, the special service (if any) you can promise, what your costs (of product) are, what salary you want to be paid, what your overhead is, and how much profit you want to realize. But be careful, you can raise fees if necessary, but cutting prices may indicate to others that your service is overpriced. That is not a good sign. If you need to boost seasonal sales, try special offers, off-season discounts, contract/retainer prices, etc. But don't ever forget quality. No matter how much someone spends for your product or service, they expect the most their dollar can buy.

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