

PERFECT PRICING



How to
PRICE YOUR PRODUCTS
for your
ETSY SHOP

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PRICING GUIDE

How to Price Your Products For Etsy

Pricing your items for Etsy can take a while to figure out, but this guide will de-mystify perfect pricing so that you know you're not undercharging for your products.

When I first started selling on Etsy, my prices were low. At the time I didn't realize they were too low, I thought I was pricing them fairly. I was selling vintage clothing, shoes and accessories and factored in little else besides how much I purchased the item for (initial cost of goods). I didn't really factor in my time spent or other overhead costs such as packing tape, bubble wrap, and photography equipment.

On the one hand, my products were selling out quickly. On the other hand, I was doing a lot of work for too little pay once I factored in my time.

Now I price my products fairly, according to their value and some calculations. One really important thing to realize is that it takes the same amount of time to photograph, list, pack and ship an item whether it costs \$10 or \$100. I know I would rather sell one item for \$100 and spend about 15 minutes total on the sale start to finish (batching factored in!) rather than sell 10 items at \$10 each for the same revenue, which would take almost 2 hours of work!

This is one of the reasons why I price my items higher. It's more economical in terms of time and effort.

My biggest piece of advice for you is **DO NOT COMPETE ON PRICE.**

That tactic is a race to the bottom. It hurts you, your shop and business, and your entire industry when you try to undercut your competition and compete on the basis of price. If everyone selling items in your category started trying to compete on price, no one would survive long.

Instead, stand out by offering an incredible product, real value, and amazing customer service.

PERFECT PRICING

Let's talk about how to price your items perfectly. You don't want to price your items so low that they are always sold out and running you and your business into the ground. But you also don't want to price them so outrageously high that they never sell and sit in your shop forever.

Research similar products on eBay and Etsy

In general, items sold on Etsy can command a higher price than those on eBay. On eBay the price is largely determined by the customers who are bidding, but on Etsy you set the price.

That being said, I always do a quick search on both eBay and Etsy for similar products to the one I'm pricing. Type in the keywords and see what comes up. You should be able to get a feel for the price range of your item.

As I said, **do not compete on price**. Do not find the lowest priced item and then make yours cost a little less. Instead, I like to price my items on the median to high end of the spectrum. If I see that items similar to mine are selling for \$100-\$175, I'm going to price mine at \$150 or \$165.

You can use Etsy and eBay as a way to get your bearings for how you should price your items. However, that's just a ballpark number. Sometimes it's easy to go with your gut, other times you need to do a bit more. As your business grows, you'll want to make sure you are covering all of your costs and paying yourself a fair wage, which means going beyond your gut pricing strategy.

PRICING CALCULATOR

There are a few terms we should define before going further.

Hourly Overhead: business expenses over 12 months, divided by the hours you expect to work over the year. Let's say 20 hrs/week, or total 1040 hours.

Overhead Expenses: This includes photography equipment, shipping supplies, rent for your studio space, and other recurring and one-time expenses.

Production Cost: Your wage (hourly wage x hours spent on item) + materials cost (or cost of item if it's vintage).

Materials: Either the cost of the item from the supplier or the sum of the cost of raw materials that you need to make your product.

Profit: Markup on top so that you can save, grow your business, and invest in your shop in the future.

Wholesale: Sold to other shops and vendors, who then need to mark it up again to make a profit. The basic concept is that they get a volume discount for buying a "wholesale" amount of items.

How to calculate prices:

Wholesale = (hourly overhead + production cost + profit) x 2

Retails = (hourly overhead + production cost + profit) x 4

Represented another way:

Materials + Labor + Expenses + Profit = Wholesale x 2 = Retail

As you know, I sell vintage. I wanted to figure out how much I had to price each item at in order to make a profit. I wanted to go beyond my gut-feeling and “what are other people charging?” pricing method.

Below is a look into my personal Etsy shop notebook. This is how I figured out my prices. It’s kind of like a diary and my numbers and processes are always changing, so keep that in mind. This example is my first attempt at pricing. I then reviewed my process and updated the information (below).

Materials:

- Original cost of vintage item
- Business cards
- Packing supplies: Tape + Boxes + Envelopes + Bubble Wrap (1 roll does 5 pairs)

Labor:

- Hours spent shopping/buying
- Hours spent packing/shipping/going to the post office - 25 hrs
- Hours spent photographing items + hourly rate to Matt for photography - 16 hrs total
- Hours spent writing descriptions, posting listings - 25 hrs
- Hours spent on advertising, marketing and social media -
- Any other one-time design and infrastructure endeavors

For each item you spend 10 minutes researching and writing a description, and about 15 minutes packaging and going to the post office. About 20 minutes per item.

of items per batch x 25 minutes each = labor per "batch"

You might be wondering what I mean by "batch". I do all of my photographing and listing in batches. You can read [all the details about how I do this here.](#)

BATCH #1 as of 6/22/13

= 130 clothing items

+ 20 pairs of sunglasses

= 150 items

150 x 20 minutes

= 50 hours of labor per BATCH (listing + shipping)

Expenses:

- Laptop
- Scale
- Books
- Etsy Fees - \$0.20 + 3.5%
- Paypal Fees
- Office Supplies
- Website domain name and hosting fees (for blog)

Flat cost of each item per batch:

(My hourly wage in this example is \$25/hour.)

26 hrs x \$25 = \$650 (photoshoot)
+ 50 hrs x \$25 = \$1250 (listing and shipping)
+ \$50 misc. fees and expenses
= \$1950/ # of items shot in one single photoshoot =
\$13 minimum price per item (labor and expenses)
+ cost of item (average \$3)
+ etsy fees (depends on item value).

= \$16+ MINIMUM cost per item to cover expenses

NOTE: The median price of each item is about minimum + \$50, expected to see \$6000 - \$7500 profits each batch sold (for a total of about 80 hours, or two regular weeks, of work, stretched over a longer period). A "Batch" may take longer than a month to sell, and items within batches will overlap.

I then asked myself these questions about things that I needed to consider moving forward:

How many "Batches" will you sell per year?

Annual Overhead (must cover cost of website, business cards, etc). which can be spread out over many batches.

How much of the profits are designated to buying new inventory? All of it? Half of it?

How many items (clothing) can I shoot in a single 8-hour photo shoot?

Then I revised my process and expenses a few months later. This is what I found.

UPDATE:

Photographed 50 pairs of sunglasses and 10 pairs of shoes (plus a bag and a bowtie) in 4 hours of shooting.

60 items in 4 hours = 4 minutes per item

4 hours of photo labor costs me \$100 (@ \$25/hr) = \$100 / 60 items = \$1.67 to photograph each item (not on a live model)

>>> Incorporate shipping supply costs into price of product. How much does it cost to ship each item?

Glasses / Frames require additional packaging cost >>

Bubble Wrap (\$3 per roll, each roll does 5 pairs of glasses) = \$0.60 per pair of glasses

ALL ITEMS: require tape, business cards, and labels (paper), and thank you note.

Sunglasses example cost:

\$1.67 photography

\$0.60 bubble wrap

\$1.00 other packing costs

\$2.00 cost of item to purchase

= BASE PRICE of \$5.27

So my retail price would be about \$5.27 x 4, or about \$21.00 (I usually price it much higher though, which accounts for more profits and reflects the value of the item).

CLOTHING: estimate cost / time

150 items photographed in 8 hours

8 hours labor (@ \$25/hr) = \$200

$\$200 / 150 \text{ items} = \1.33

8 hrs = 480 minutes / 150 items = 3.2 minutes per item (multiple items are photographed at once in outfits)

Clothing example cost:

\$1.33 photography

\$1.00 packing costs

\$2 - \$10 cost of item

(varies) cost of website, overhead, business cards, etc.

= Base price of \$4.33 - \$12.33

So, I got my cost and expenses down a little bit over those few months. My expenses per item are between \$12-\$16 per item. I price my items at $\$12 \times 4 = \48 at the very lowest. Most items retail price is more than that, based on value, similar items, and condition. But I know that as long as I price my item over \$12-\$16, I've covered all of my expenses and paid myself a fair hourly wage.

For more help starting, growing, and improving your Etsy shop, check out the Femtrepreneur series, [Etsy For Entrepreneurs](#).



Need more resources for making your Etsy shop a fulfilling, full-time income? I've got your covered.

[My Semi-Passive Approach to Selling on Etsy](#)

[How to Use Etsy as an Entrepreneur to Launch or Grow Your Business](#)

[5 Tips for Selling Vintage on Etsy](#)

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It is the place to get inspiration, no-bullshit guides, and tools for the creatively self-employed.

It's also the place where I share all the details of all of my entrepreneurial experiments. Stuff like building blogs, niche websites, new e-commerce projects and product design and development. This is the place where I share the behind-the-scenes action of building businesses, passion projects, and other profitable hustles.



I'm Mariah. I started three profitable businesses while I was a full-time student. An e-commerce shop, a design/build blog selling services and products, and Femtrepreneur.

I think there are tons of cool businesses you can start from your dorm room or your apartment bedroom (or vintage trailer home if you're like me and like to roam) with less than \$100. I've done it!

FEMTREPREENEUR is my way of connecting to and supporting powerful, rule-breaking, radical women like you.