

## **The Key Factors that Shape Your Pricing Strategy**

There are many things you should consider when pricing a piece of jewelry. They things include:

- Costs of Goods sold and Labor
- The type of jewelry you design and perceived value
- Market research
- Overhead

### **Costs of Goods sold and Labor**

Your COGs (Cost of Goods Sold) include the materials you use to design a piece of jewelry and the labor that goes into that piece of jewelry. Here is a rough example of labor pricing:

- Hand -fabricated jewelry, a bench worker may bill at \$20-25 hour depending on experience.
- Intricate model making and benchwork is typically \$25-75 hour
- Simple stone setting can be billed at anything from \$2-\$5 a stone and more for a complex stone. setting
- You can figure you studio hourly rate by comparing these and adjusting to fit your business.

### **The type of jewelry you design and perceived value**

Pricing and perceived value are inseparable in pricing your jewelry. The pricing formula for beaded and wire-wrapped jewelry will be different than that of fine jewelry. A few things that effect perceived value are:

- The materials you use
- The exclusivity or originality of the design
- Demand
- Your positioning in the marketplace

Exclusivity and originality of design and your brand positioning are the key factors that can help you command premium pricing. You should always be positioning your brand and designing in a way that you are known for your signature style of design.

### **Market research**

Do your homework, research and investigate how brands of similar quality and materials are pricing their designs.

### **Overhead**

While there are differing points of view, typically overhead should NOT be included in the price of your work. You can add overhead to the price of your jewelry all day long, but if you aren't selling enough work, adding a few dollars to each piece is not going to make you profitable. Why? Because if you don't sell enough, you won't be able to cover your expenses anyway.

### **Pricing formula example:**

Materials Costs \$10

Labor Fee \$5

Total COGs: \$15

Multiply \$15 by a minimum of 2. That gets you to a wholesale price of \$30.

Take the wholesale price of \$30 and multiply that by 2.5 to get your retail price: \$75

**COGs materials + labor) x 2 (minimum) = wholesale , wholesale x 2.5\* = retail**

*\* Most store owners will take wholesale and markup jewelry 2.2 to 2.5 times the price they purchase it for.*