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Pricing Using Perceived Value

As retail jewelers in today's competitive environment, we are faced with many challenges. A tight job market, inflation, a volatile gold market, as well as ever-changing prices on stones are making it more difficult to survive - let alone prosper. Some of the concepts we have used in the past that were successful are no longer working and this can be very frustrating. Maybe it is time to consider a method that can help you make more profit: **Pricing Using Perceived Value**. The concept has been around in many industries for a long time, yet we as jewelers don't use it very often. It requires us to use our knowledge of jewelry, our customers, and common sense.

Most Point-of-Sale systems will allow us to input a markup based on the department and/or cost so it can automatically price the new item for us. This system helps take the burden off us as owners and allows the office staff to price things at a minimum retail price. Based on our determination of markup, we will sell the item at a price that allows us to create profit. A great deal of thought goes into the initial set up, but once we are finished, we don't look at the preset pricing very often. This will work for many purchased or created items, but not all items.

It all starts with our ability to be smart buyers. We need to purchase items based not only on what price points the store needs, but also on how much they can be sold for. Becoming proficient at this skill will procure extra profit.

Here is how it works: After finding a piece that will fill the needed price point, use the standard markup set in the system to determine the retail price. Decide if the piece is salable at that price. If the answer is yes, study the piece and determine if it looks like it has a higher perceived value than the retail price based on the standard markup. If it does, purchase the item and price it based on the higher perceived value. The extra profit on the item will help to pay bills, hire new people, or increase what we take home. In the beginning it is very time-consuming and difficult, but in the end, we will make more money.

We at PRIME specialize in assisting retailers in finding the path to achieving their goals and overall success in their business. We invite you to visit our website, www.NVPrimeConsulting.com, for an overall view of the services we provide. If you have questions as to how we may be able to assist you, please do not hesitate to call - 888-849-4978. Of course, all communications and information are strictly confidential.

Sincerely,

The PRIME Team – *Jim, Jeannie & Warren*

-----Professional Resources & Inventory Management Experts-----

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