



Five ways to improve profit with strategic pricing

Sometimes we have to discard our preconceptions with price and almost start from a blank canvas. We get a bit bogged down with, prices we have always charged, what the competition is charging, and what our staff think we should charge. The danger is you end up forgetting that it is the client who is choosing the services they have, and that price can be a barrier for some clients

1. **Analyse your actual charge rate per hour.** This is covered in my setting targets presentation. (If you've not seen it, then drop me an email at simon@mysalonmanager.co and I will send it out to you). Your charge rate per hour must give you a comfortable profit margin after paying wages, stock and fixed overheads such as rent, rates utilities etc. Then all your prices should be as near to that desired hourly rate as possible. -then add on an additional cost of product. Remember that products used in highlighting can be as much as 25% of the whole service!
2. **Identify your most popular services.** Use your software to clearly show which services you do the most of and importantly have the highest re-booking rate. -if it is Cut and Finish, and perhaps half head highlights, then those services could increase more, than perhaps other, less popular services.
3. **Ensure that within your salon you have at least 3 tiers** in your price structure. (4 if you have 8-10 stylists) This allows clients to move from one tier to another depending on their financial circumstances. It also creates a clear career path for stylists to progress up through the various tiers based on their performance. It's vital that you write up some criteria for promotion based around their takings to target %, and their re-booking %.
4. **Increase selectively -never** all your prices across the board-and always give your clients at least 4 or 6 weeks' notice in writing of an increase. Your price list should be at least A2 size and displayed in your window, with the lowest tier on the left, and the highest on the right. I always find it strange when it is the other way round, as clients read from left to right and will therefore perceive the salons prices as high!
5. **If you do Wet Cuts**, and lots of salons do, then your focus should be to narrow the gap by increasing the price of Wet Cuts so that the difference between a Wet Cut and a Cut and Finish is minimal. After all, the real value of the visit is the Cut.

So-I hope you find this useful. You can find much more on my site-www.mysalonmanager.co. Where for a small monthly fee you can access videos and courses showing a step by step, easy to follow approach to setting targets, motivating your staff, the Ultimate Consultation, and pricing for profit-plus much more. Check out my Facebook page: www.facebook.com/mysalonmanager

Best regards

Simon

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