



## Module 20: Setting Your Pricing

- What you need to consider when setting your prices
- How to create deals that do not ruin your profits
- When you should increase your prices
- How to promote your offers/deals

**By the end of this chapter, you will know:**

- What you need to consider when setting your prices
- When you should increase your prices
- How to create deals that do not ruin your profits
- How to promote your offer/deals

### 20.1: Introduction



**The chances are you have become so excited by the prospect of starting your own nail salon, you have barely had a chance to consider pricing.**

Yet, pricing is so central to your business' success, it is something you need to pay a lot of attention to.

One thing you need to remember before starting this module is that you cannot simply just aim for the cheapest prices in your locality and hope that draws everyone else's clients away. Any seasoned customer will already know that a cheap manicure is rarely a good manicure, which means you need to stick to pricing that reflects the quality of your work without being too expensive for customers to access.

## **20.2: Setting the Prices for your Business: What to Consider**

**It is difficult to determine what your exact prices should be, as costs are going to vary between regions.**

**However, when setting your pricing, you need to consider the following:**

- How much are you going to pay your staff per hour? Assuming your custom flows smoothly, you will need to deduct this from your pricing and have enough to take away from that hour to invest in your business again.
- How much are your overheads? Break it down into each bit of product you are using during a treatment, as well as utilities, insurance, and other such costs
- How much money will you be reinvesting into marketing and other such costs?

Now, it is worth remembering that very few businesses make a profit in the first year or even the second.

You, therefore, need to resist the temptation to hike your prices in order to create a comfortable margin.

As a rough rule of thumb, you should be able to calculate whatever is exact from the above list and come away with a 60-65% profit margin. This seems large, but it really is going to account for the costs you are unable to control, such as slow custom and using more materials than you expected. Having a large enough margin also makes it possible for you to use promotional offers without cutting into your profits too harshly.

## **20.3: Knowing When to Raise Prices**



### **So when should you be raising your prices?**

You do not want to do this too often, as it can drive away customers. First, you should always raise your prices when it looks as though your present structure is going to cause a loss in terms of profits. It is better to lose some business than to maintain all of your customers and consistently operate at a loss.

Second, you can consider raising your prices on a supply versus demand basis. In other words, when you become exceedingly popular because your approach or product is great, you are free to hike your prices a little. If your salon is truly excellent, customers are not going to mind paying a little extra to enjoy using your services.

Naturally, the process of raising prices feels nerve-wracking. You may be left worrying that you will alienate your customers or damage your reputation. Ultimately, you might find that a few people abandon ship for the sake of saving a little extra elsewhere. However, if you have a good rapport with your regular customers, there is no reason why this should happen excessively to you.

Want to know how to soften the blow a little? Try to plan your price hikes around busy seasons. This includes the beginning of summer, as well as the beginning of December when 'party season' begins. When you do this, your services should be so in demand that the price increases will not matter too much.

## **20.4: Creating Offers/Deals that Do Not Ruin your Profits**



**Finally, there is going to come a time when you need to create an offer for your customers to enjoy.**

Offers usually serve a couple of purposes. Not only do they bring in more customers, but they also act as a great form of advertising. When you make them clear in your salon window, on your website, and across your social media accounts, the chances are that someone will tell their friends about it.

Offers are also excellent for attracting new customers. If you can hook someone in with an offer and then give them the best service of their life, they will probably return to you.

When creating offers, you need to focus on not eating into your profits. It is pointless offering 50% off, drawing in a load of customers, and finding out that you have not made any money.

**You may want to consider the following offer ideas:**

- 50% off when you recommend us to a friend (NB: for this, the friend actually has to make an appearance and mention the person who apparently recommended them. Anybody can claim they have mentioned you to someone)
- 2-for-1 during a peak season or even a lull season. Lull seasons tend to occur around times like January, so focus on them to keep your customers flowing.
- Using sites like Groupon or Facebook offers. When using these sites, try to ensure you do not create more offers than you can handle. If you do this, you might damage your reputation as a result of slow response times.

Finally, when setting your pricing you may want to look towards what is going on in the local area.

Places like Central London will naturally charge more than areas like South Wales.

Do not be afraid to search for other salon websites, go in to the salons to grab leaflets, or walk past a few shop windows. Doing this is a great way to draw inspiration for your own salon, and it lets you know if the prices you want to set are reasonable.

If you find that they are slightly high, return to your overheads and see if there are any cutbacks you can make. With a little persistence, you can get those prices right.

## **Go and Practice**

*Estimated time: 20 minutes*

Download and print the worksheet below, then visit some salons in your local area and collect some price lists (you may also use their websites to find out the prices for their services). Now work out what the average price locally for various treatments are including: a manicure, pedicure and gel wraps.

[Download Worksheet](#)

In this module you explored the wonderful world of pricing

Pricing is central to your business' success. Not only do you need to know how to set prices so that they are reasonable, but you also need to learn how to ensure they are profitable. In addition to learning this, you focused on when to raise your prices.

Finally, you took a brief look at creating offers and making sure they do not eat into your profits too harshly.

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