FORMULATOR'S GUIDE

Pricing Products

A worksheet for costing and pricing cosmetic products

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IN THIS GUIDE

Pricing a cosmetic product can be complex. Before you decide what to charge, you need to understand what it costs to make each finished unit and what it costs to sell it. That includes ingredients, packaging, your production time, overhead, and selling expenses like payment fees and shipping. Your price also needs to leave enough to cover your remaining business expenses and earn a profit.

Use this worksheet for one product and one finished size. Start with a recent supplier invoice and, if available, the number of saleable units from your last batch.

Product _____ **Fill size** _____

Batch size _____ **Currency** _____

Date costs reviewed _____

1. Calculate what it costs to make one unit

Batch costing worksheet	Your figures
Ingredients used, including their share of incoming freight	
Product packaging and labels	
Production labor hours × hourly rate	
Production supplies	
Allocated manufacturing overhead	
Total batch cost	
Number of finished, saleable units	
Unit COG	

Unit COG = total batch cost ÷ number of finished saleable units.

2. Calculate a starting price

Choose a target **gross margin** to test. If one finished unit costs $5.00 and you want a 50% gross margin, divide $5.00 by 0.50. Your starting price is **$10.00**. From there, check how much that price leaves after your selling expenses and whether it fits the market for your product.

Starting price = Unit COG ÷ (1 − target gross margin as a decimal).

3. Compare what each sale leaves you

Use the price you actually receive in each scenario. For fees that apply to a whole order, such as a flat processing fee or a shipping charge you cover, divide the cost across the units in a typical order.

Per-unit comparison	Retail	Wholesale	Distributor or promotion
Selling price after any discount			
Unit COG			
Payment fees or commissions			
Shipping and fulfillment you pay			
Other expenses tied to the sale			
Amount left per unit after these costs			
Expected units sold per month			

Multiply the amount left per unit by the number of units you realistically expect to sell. Compare that total with the business expenses you still need to cover. For a single product at one selling price, you can also estimate monthly break-even units by dividing monthly fixed costs by the amount left from each sale after **variable** costs. Use each cost once. For example, count monthly workshop rent in fixed costs and per-order processing fees in variable costs.

4. Or
Enter your numbers in Formulate & Price™

1. Open your product in **My LAB**. Enter your batch size, formula percentages, and ingredient purchase quantities and prices.
2. Open **Cost & Pricing**. Add packaging, production supplies, labor, and overhead. Enter your saleable unit count in **Units Produced**.
3. Enter the selling prices, fees, and shipping costs you want to evaluate. Use the estimates to decide whether the price gives your business enough room.
4. Review your pricing when a supplier price, package, batch yield, or sales agreement changes.

Start with one product you already make. Gather your latest costs, run your regular selling price, and then try one price or promotion you've been considering.

Use Formulate & Price™ to do the math for your next batch