

# 14 different ways to price your creative services

## Do you find pricing difficult?

**You are not the only one! You might not know how to do the maths, or you find it hard to put a value on your work and skills (or a price label on your head!), or you are worried about doing it right...**

There are many different ways or strategies to price your products or services, and often creative businesses use different price strategies at the same time. Here are the most common ones that we have found so far:

### **1. The cost price:**

Do you know how much it actually cost you to produce your work, with all material costs and hourly cost included? You really need to know this to identify your 'breakeven point' where your expenditure will equal your income. It will help you to avoid making a loss, to manage yourself better and become more effective and efficient with making more products or finishing projects in a shorter period of time. If you know your cost price you can then add a mark up or profit margin to calculate your price. A good starting point to calculate your cost price is to keep records of all your expenditure and also of all time spent per project.

### **2. The going rate:**

Do you know what your competitors are asking or getting for similar work? This is especially a common price strategy if there are a lot of similar products or services on offer in a competitive market (e.g. freelance graphic or web designers). If you are too expensive or too cheap you will lose out.

If you don't know the market rate, you will need to do some practical market research i.e. check out prices on their website or with retailers, check with 'people in the know' or middlemen such as recruitment agencies or freelancers' websites such as *Elance* or *People PerHour*. You might even want to go as far as doing some 'ghost shopping' and contact them pretending to be a potential client.

### **3. Bundle price:**

It is very common to offer a discount if buyers want more of your products or services at the same time, or if they book at the same time, to encourage them to buy more. This really is helpful for your planning and cash flow.

For example: your daily rate can go down if clients book 10 days or more in advance, or you offer a special deal if clients buy a composite of design services

### **4. Credibility-building price:**

Sometimes there are clients who you really want to work with, who are high-profile but have limited budgets (e.g. in the cultural non-profit sector).

You can decide to work for them for a lower or no fee, but I would strongly suggest that you get something else in return than money! Ensure that you work with the client to increase the promotion and visibility around the work you do, and ensure that it builds on your credibility.

Discuss and negotiate in advance how these more interesting clients will help you to promote you or give you introductions to other (fee-paying) clients or have good testimonials on your website.

### **5. Premium or prestige price:**

Are you charging more to make your work look more exclusive, based on your brand, positioning in the market and your target audience? To be able to charge these high prices, you will need to provide excellent customer service throughout the entire selling process, work with the finest materials, and need to be able to show your creativity and expertise to achieve these higher prices.

### **6. Extra features price:**

Have you got similar products or services at different price points within your range with extra more specialist design services – *strategic expertise*?

If you are providing services, you can think about different ‘packages’ that you offer at different price levels.

Tip: this can really help if you want to **decrease or increase your prices**: change the level of detail, expertise etc which a given service provides.

### **7. Psychological price:**

It is better to price your services to a ‘regular’ number i.e. £95 instead of £102,15.

This is plain logic.

But psychological pricing also refers to – particularly in areas of new enterprise or highly specialist expertise - the amounts that customers are on average prepared to pay for services which shall make a telling difference to their own enterprise.

### **8. Discounted price:**

This can be based on several factors, but is a means of expressing good will, as way means of a bait for follow work, a direct competitive lever against known competitors whom also tendering for work.

### **9. Loss leader price:**

This is selling one service or product below your cost price (so you are making a loss!) to attract clients in the hope that they will actually spend more money once they are with you. Supermarkets do this with baked beans, bread and banana's. However, you might offer a free or highly discounted initial design consultation or something similar to attract clients, and to start having a meeting with a potential client where you can show your expertise.

**This can be extremely effective in marketing terms 'to get a foot in the door'.**

### **10. Emergency price:**

Is your client in a pickle and do you know that you will have to work many hours deep into the night to get the work delivered in time? You might decide to do the client a favour.

**Consider increasing your hourly rate to compensate for the added stress.**

Also if you know that a client is going to be 'difficult', then ensure that you communicate very clearly about what they can expect and by when. If you have created with your client a clear design brief and quote, then you will have less issues about prices and expectations later on.

### **11. International prices:**

If you work internationally I would strongly suggest that you check out the local market.

It is not just the conversion rate that you need to check regularly (e.g. the British Pound has been fairly volatile over the past years against the dollar and the Euro). Also check local prices and what your competitors charge locally, as different markets can differ hugely. When I have worked with Dutch designers I have had to suggest that they increase their prices for the UK market - (especially if they want to sell in London), as their prices are too low in comparison.

### **12. Project budget or fixed price for results:**

**Often a project has a total given price**, which is often divided in different stages with according fees i.e. 30% deposit upfront, 50% creative stage, 20% delivery stage.

A fixed price works well if you are efficient and experienced (you know how much time things really take by keeping clear time sheets over the years), you work with a more experienced client (so you won't be wasting too much time hopefully in meetings, discussions and revisions) and you work closely together at the beginning

to scope the project into a clear design brief, and both adhere very strictly to deadlines.

If the above doesn't apply then be careful, and include at least 10% contingency in your budget.

### **13. Retainer:**

This is a recurring (monthly or quarterly) fee for a certain amount of often standardised work e.g. a graphic designer books a photographer for 2 days per month, every month of the year, to ensure a lower but reliable rate.

Be aware: Retainers can be withdrawn at any time, unless a clear contract is in place.

### **14. It is a given:**

Sometimes it is not up to you to decide the price, but the client or market decides!

There is a given price for a certain type of work e.g. the hourly rate of a freelancer with certain skills, a daylong training workshop, or when there is a tender for a public commission.

If the budget is too low, then go back to the client with some counter offers, and suggest what you can do for that given budget. Very often clients have a very big list of what they want, with a fairly small budget. It's good to have a conversation with them what they 'must have' or what they would 'like to have', and then propose what you can do for them at what price level. You will be surprised how negotiable many of these 'given' price levels can be!

**The reality is that pricing is more of an art form than a mathematical exercise. It very often comes down to where you want to position your work, and how confident you are in asking for the right price.**