MARGINS & MONEY

Pricing & Profitability

Pricing models, margins and knowing your true costs — the three things that decide whether a busy shop is also a profitable one.

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Pricing is where most shops quietly lose money: not on one bad quote, but on a structure that was never checked against real costs. This guide covers the three pricing models that fit almost every online store, seven places to tighten your pricing, and why your labor rate is the number underneath all of it.

01 How to price your online store — Models

02 Seven crucial print shop pricing tips — Tactics

03 Five reasons to know your labor costs — Costs

Before you change a single price

Know your fixed costs per month and your variable costs per job. Every model below assumes you can answer “what did this job actually cost me?” without guessing.

SECTION 01 · MODELS

How to Price Your Online Store

Pricing custom-branded merchandise is essential, especially when a store serves schools, teams, fundraisers or corporate clients. The right strategy keeps margins strong and customers happy, and in e-commerce it is rarely a one-size-fits-all formula. Three reliable models cover most situations.

MODEL 01

Cost-Plus

Cost × (1 + Markup %). The bread-and-butter method: take the total cost to produce an item and apply a consistent markup. Straightforward, so it works well for general retail pricing.

MODEL 02

Value-Based

Instead of production cost, consider what a customer is willing to pay. Works for products with perceived value — championship tees, premium seasonal designs, anything with emotional pull.

MODEL 03

Tiered Fundraising

Typical for fundraising and cause-based stores. Depending on the agreement, add a flat amount per product or a percentage over cost and direct that portion to the goal.

The Same Shirt, Three Ways

STRATEGY	SETUP	RESULT
Cost-Plus	$8 cost × 40% markup	$11.20 retail
Value-Based	$8 cost; fans will pay $20	$20 retail
Tiered Fundraising	**$20 retail with a $5 fundraiser fee**	**$15 shop / $5 cause**

Go deeper

For plug-and-play formulas by scenario — including percentage-based fundraiser pricing and how to adjust margins by customer type — the Online Store Pricing Matrix pairs each pricing model with the right customer type.

SECTION 02 · TACTICS

Seven Crucial Print Shop Pricing Tips

There is always a delicate balance in print-shop pricing: matching a competitive price point while still netting a profit. Many owners raise or lower prices based on short-term factors instead of a long-term strategy, which often means slashing prices to please customers and losing money over time. Here are seven areas to dial in.

1. Know your true costs

Track all labor, materials, equipment and overhead so you know your minimum pricing — and can adjust if a structure has been losing money.

2. Calculate contribution margin

After tallying the cost of each job, use it to confirm each job is priced to be profitable.

3. Offer package deals

Bundle products at a discount to increase order values — a T-shirt order paired with totes, hats and water bottles, for instance.

4. Use tiered pricing

Provide good-better-best options. Many customers upgrade once they see the value, such as a softer retail-inspired shirt over a boxier basic.

5. Charge rush fees

Rush jobs disrupt your schedule and raise the chance of errors. A premium fee compensates for the extra labor and encourages customers to order ahead.

6. Get deposits upfront

Deposits on larger or custom orders cover materials, improve cash flow and help identify serious, repeat-minded customers.

7. Review and adjust often

Re-evaluate pricing regularly against market conditions and production costs, so rising material prices do not quietly erode your margins.

SECTION 03 · COSTS

Five Reasons to Know Your Labor Costs

Whether you print signs, shirts, DTF transfers or other custom merchandise, calculating labor costs is crucial to profitability and long-term success. A labor-rate calculator that accounts for billable hours, holiday pay, insurance and utilities makes it far easier to get an accurate picture. Here is why that picture matters.

Cost Control and Pricing Accuracy

Knowing your labor costs helps you set accurate prices, so you are not underpricing your work, and it brings consistency to what you quote every customer instead of ad hoc calculations. Effective pricing accounts for wages, benefits and overhead.

Operational Efficiency

A clearer picture of costs helps you spot inefficiencies — perhaps certain work is more profitable outsourced, or a supplier's prices no longer fit your budget.

Financial Planning

Accurate labor costs make it easier to build a realistic budget and decide when to hire, finance equipment, expand space or invest in advertising.

Employee Productivity

Tracking labor costs against output lets you assess team productivity, identify high-performing shifts and fix inefficiencies — which translates into smoother shifts, on-time orders and happier customers.

Competitive Edge

As the decorated-apparel market grows more crowded, understanding and managing labor costs helps you make strategic decisions that set your shop apart and position it for sustainable growth.

TRY THIS FIRST

Run one recent job through a labor-rate calculation that includes holiday pay, insurance and utilities. If the number surprises you, your price list is out of date.

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