

## The Pitfalls of Discounting

If your gross margin is:    10%      15%      20%      25%      30%      35%      40%

**Price Cut**

To produce the same profit, you must increase sales volume by:

3%	43%	25%	18%	14%	11%	9%	8%
5%	100%	50%	33%	25%	20%	17%	14%
8%	400%	114%	67%	47%	36%	30%	25%
10%	Can't	200%	100%	67%	50%	40%	33%
15%	Can't	Can't	300%	150%	100%	75%	60%
20%	Can't	Can't	Can't	400%	200%	133%	100%

For some, discounting is a fact of life. For too many businesses, it becomes a fact of **DEATH!**

As you can see, "making it up in volume" is a very difficult task to actually accomplish.