The effect of discounts on profit

To subsidize the same amount of profit at a 15% discount the company needs to generate %150 more turnover.

VALURA aims to increase its customers' profit and value by an average of 54% in the first 12 months of cooperation.

As a result of 125 different inefficiency analyzes, we see that **"Pricing Strategy"** is one of the issues that diminish the profit most. The pricing model is an area where senior management does not make adequate analysis.

We've gathered a few pricing mistakes that drag down the profits for you.

The Profit Sponges

Cash discounts: Discounts given to the customer from the invoice price if an order is quickly paid for.

Key customer discount: Additional discounts for major customers, either directly or through a partner. The high bargaining power is the reason why large companies are unprofitable for almost all of our customers.

Discount seasons: Additional discounts and campaign applications in certain periods with the imposition of competition.

Logistics cost: In many businesses, logistics and transportation costs, can reach up to 10% and are not reflected in the price.

Annual turnover bonus: End-of-year bonus paid to customers if predetermined purchasing volume targets are met.

Advertising support: Amounts paid to the partner to "promote" the product in the local market.

Promotion support: Additional discounts and payments in the hope of supporting the business partner, especially in new markets.

Shelf allowance: The amount paid to retailers to provide featured shelf space.

Online order discount: Additional discounts to the customer for online ordering.

Performance penalties: Penalties and discounts are incurred if the commitments made to the customer are not fulfilled.