

Starting Out Right: Photographer's Resource Series



Wedding & Portrait  
Photographer's Guide to:  
**Pricing For A Profit**

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## KEY IDEA

This guide is a part of the *Starting Out Right Photographer's Resource Series*, and is designed to help wedding and portrait photographers understand and develop a profitable pricing strategy.

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## ABOUT JASON

*Jason Aten is a wedding and lifestyle photographer based in Grand Ledge, MI. In addition to being a husband and a father, Jason's studio photographs 70-80 weddings a year, 200 senior and portrait sessions a year, and a handful of commercial and editorial projects. Jason has photographed over 250 weddings since 2001.*

*Prior to becoming a small business owner, Jason's background was in Marketing and Sales for a Fortune 100 Company - FedEx Corp. Jason brings real-world business experience and education to his photography business, and works to help other photographers as they navigate the waters of running a business.*



CHAPTER 1  
WHY IS PRICING  
SO HARD?

# CHAPTER 2

## UNDERSTANDING YOUR COSTS

I recommend you begin your pricing plan with a solid understanding of the costs that go in to any given product or service. Included in this guide is a **PRODUCT WORKSHEET**, that you can use to figure out the true **COST OF SALE (COS)** for every product you offer.

The COS is the total of all of the things that go into selling, producing and delivering a product. This includes the wholesale cost you pay your lab for a print, the cost associated with the time spent editing and retouching the file, the packaging and delivery costs, and time spent selling to your client.

For many of us, it's easy to figure out what we pay the lab for a given product - that's pretty straightforward. It gets more complicated when we sit down and try to figure out costs associated with the other things - especially time. My suggestion? Start keeping track. Start tracking your time spent when you sell a product. The only way you can really understand whether or not your pricing is sufficient to cover your costs is if you first understand those costs. The **PRODUCT WORKSHEET** allows you to add up all of the costs that go into your COS.

As a general benchmark\*, Professional Photographers of America recommends that your COS expenses not exceed 25% of your total revenue. What does this mean? It means that when you look at your expenses as compared to your revenue at the end of the year, you should spend less than 25 cents of every dollar you bring in, on expenses related to COS.

How does this help with pricing? It's actually a huge help. In fact, it's almost a secret weapon, because 25% equals 1/4. This means that when you add up all of your COS expenses, the benchmarks suggest that you should mark it up by a minimum of 4X's to get to a price that covers your expenses, and allows you to be profitable. The other 75% goes to cover two things: your fixed expenses, and your profit/compensation.



So, if we're talking about the time and labor that goes in to producing work, and talking about the time that goes in to photographing an event, how do we compensate for our time?

Most photographers have no idea where to begin when it comes to pricing their time. It's hard to have an understanding of the value of a photographer's time when the market is so varied. It's also hard because most photographers don't have a complete sense of the time actually involved in various tasks, and we discount the cost associated with our time.

So, how do we value our time? How do we begin to price for the value we bring to the equation. And how do we balance that with a market force that is moving towards the commoditization and depreciation of value in photography?



## CHAPTER 3 VALUING YOUR TIME

First, let's look at what a reasonable amount of compensation is for the various tasks we perform and the amount of time we spend. Let's say we decide that number is \$30/hr. That's actually pretty fair, and a good place to start. If you paid yourself \$30/hr for a full time salary, you'd make \$62,400 a year, just for your time (not including any product sales commission).

\$30/hr

TOTAL TIME SPENT ON WEDDING / TIME SPENT SHOOTING = V MULTIPLIER

# PRODUCT WORKSHEET

Complete for each product you offer.

Product Name: \_\_\_\_\_

Lab/Source: \_\_\_\_\_

## Cost of Goods:

Lab Wholesale Cost: \$ \_\_\_\_\_

Shipping Cost: \$ \_\_\_\_\_

Other Costs: \$ \_\_\_\_\_

Packaging Costs \$ \_\_\_\_\_

Delivery Cost: \$ \_\_\_\_\_

Consumables: \$ \_\_\_\_\_

## Labor Costs:

Time spent editing image \_\_\_\_\_ hrs x \$ \_\_\_\_\_ /hr = \$ \_\_\_\_\_

Time spent in sales session \_\_\_\_\_ hrs x \$ \_\_\_\_\_ /hr = \$ \_\_\_\_\_

Time spent in production \_\_\_\_\_ hrs x \$ \_\_\_\_\_ /hr = \$ \_\_\_\_\_

Time spent packaging \_\_\_\_\_ hrs x \$ \_\_\_\_\_ /hr = \$ \_\_\_\_\_

Time spent delivering \_\_\_\_\_ hrs x \$ \_\_\_\_\_ /hr = \$ \_\_\_\_\_

Total Cost for Product: \$ \_\_\_\_\_

Then, we need to begin to understand the amount of time you really put into a shoot. Track the time it takes you to prepare for a shoot. The time it takes you to perform a shoot or event, the time spent in post-processing, and the time it takes interacting with clients. For our studio, a 10 hour wedding, ends up being about 25 hours of time (not including sales, etc).

For some studios this needs to be more, or less depending on your workflow, systems, etc. Whatever it is, you have to begin to consider the amount of time - and the value associated with that time - that goes into a shoot. And we also have to realize that we still have to mark that up to cover our expenses. So, in our situation, every hour we spend shooting is 2.5 hours total time. So the hourly rate we charge for shooting needs to cover that.

What this means is that our “cost” for an hour of shooting is  $\$30 * 2.5 = \$75.00$ . That’s the cost of labor behind every hour that we shoot. Now, we still have to mark that price up by 3 in order to cover our other costs. So for our situation, we should charge no less than \$225 per hour for photography coverage. Your math may be different depending on how much time you spend on the back end.

We counted up everything we put into a wedding, from meeting with clients, post-production, and selling, and totaled that time. You’ll need to make sure that you’re tracking your time to be sure you’re fairly compensating for your labor.

Now, there are really two ways we can look at this.

1. We can decide that we need to make the equivalent of \$30/hr for full time work. This is a little more than \$62,000 a year. If you shoot 20 weddings a year, you’d need to take at least \$3,100 per wedding as compensation. This means that you’d probably be charging \$7K - \$9K per wedding. This is a perfectly reasonable way to look at it, provided you are able to meet your targets for booking.
2. A second way of looking at it is to decide that your time spent in your business is worth \$30/hr, and you’re going to factor in exactly what time it

takes for a wedding. In my case, I take that \$225/hr (to cover my other expenses), and multiply it by 10 hrs/wedding and I get \$2250.

This is the minimum amount I need to charge for my time in order to take out my \$30 per hour. Now, 25 hours per wedding isn't full time work. And it's especially not full time work if I'm only shooting 20 weddings/year. This means I'm essentially being paid for part time work. This is okay too - especially if you're willing to fill your other time with other work. In our situation, we actually charge our clients more than \$225. In the examples that follow, we used a figure of \$300. There are several reasons we used this number - one of which is that it's a higher profit - and it's easier to add in examples!

Either way, you have to have a place to start to value your time. You need to place a value on your time, figure out how much time it takes, and be sure you're charging to cover your time and expenses. This is the value you bring to your business. You are essentially an expense of your business.

#### MARKET:

So, we decided that to make an average of \$30/hr for full-time hours (2,080 hours/year), we needed to charge approximately \$7K - \$9K a wedding, if we only shoot 20 of them. I can already hear the questions "what if that's not realistic for my market?" "How can I charge that much for what I do?"

The reality is, if your pricing is rational, and you come to this point and decide that the market you currently compete in won't support that price, something needs to change. You can lower your price - which requires you to adjust your value, or standard of living - or you can lower your costs to accommodate the reduction in revenue.

This is a reasonable way to approach it, assuming you are able to control your costs, or adjust your expectations for compensation.

Another option is to find a new market. I don't mean geographically. I'm not suggesting you move. I'm simply suggesting that you find a way to position yourself in front of the clients who are in the market for photographers like you - photographers making a healthy living.

How to use the following WORKSHEETS.

1. For each product you offer, use a **PRODUCT WORKSHEET** to figure out your COS
2. You can then figure out your “retail” pricing for each of these on the **PRICING WORKSHEET**. List each product and its COS. Then assign a reasonable price that you will charge customers, keeping in mind a minimum suggested markup of at least 3X. You’ll see an example of an album spread pricing, where we’ve factored in our costs, and assigned a much higher markup.
3. Using the **PACKAGE WORKSHEET**, you can create packages based on the products and assigned prices you put on the **PRICING WORKSHEET**. This helps you make sure that your package pricing makes sense based on the products you include. Each subsequent package should represent a greater value to the client - meaning it includes more product/services, and represents a greater discount than the previous package.

A final word about packages. We don’t use packages. I’ve included our pricing information that we send to clients. We are essentially an a la carte pricing studio, with two commission levels (signature or associate). Clients can add whatever they want, and we’ve created “collections” to represent what clients commonly choose. In reality, though, we rarely sell a “collection.” They exist to help create and manage expectations.

Our clients book our Signature commission, and because of how we set it up, we let them know that they will likely spend a set amount of additional money on albums, etc. I don’t want to suggest you should use one method or another, but rather want to make sure that you understand that if you do create packages, that the idea is to drive people to one of your middle packages. These should be the best value for both you and the client.

## PACKAGES

For example, take a look at the following packages:

<b>Package 1</b>		<b>Package 2</b>	
6 hours of coverage	\$400/hr = \$2400	8 hours of coverage	\$300/hr = \$2400
1 Photographer	incl	1 Photographer	incl
Engagement Session	\$300	Engagement Session	\$300
Total Price	\$2700	20 Page Book	\$1000
		Total Price	\$3700
		Package Discount (10%)	- \$370
		Client Price	\$3330
<b>Package 3</b>		<b>Package 4</b>	
9 hours of coverage	\$300/hr = \$2700	10 hours of coverage	\$400/hr = \$4000
2 Photographer	\$500	2 Photographer	\$500
Engagement Session	\$400	Engagement Session	\$300
30 Page Book	\$1500	40 Page Book	\$2000
Disc of Images	\$1000	2 Parents Books	\$1000
Total Price	\$5600	Disc of Images	\$1000
Package Discount (10%)	- \$560	Total Price	\$7800
Client Price	\$5040	Package Discount (10%)	- \$780
		Client Price	\$7020

Package 2 is more expensive than Package 1, but it adds something of big value to a potential client - it includes a book. Package 3 is more expensive than Package 2, but it introduces something of big value - a disc of images. By using value, you can create packages that move you towards higher revenue and income, while giving clients the products/services they want.

The idea is to move people towards Package 3 - that's the sweet spot in this example.

# PRODUCT WORKSHEET

Complete for each product you offer.

Product Name: \_\_\_\_\_

Lab/Source: \_\_\_\_\_

### Cost of Goods:

Lab Wholesale Cost:	\$ _____
Shipping Cost:	\$ _____
Other Costs:	\$ _____
Packaging Costs	\$ _____
Delivery Cost:	\$ _____
Consumables:	\$ _____

### Labor Costs:

Time spent editing image	_____ hrs x \$ _____ /hr = \$ _____
Time spent in sales session	_____ hrs x \$ _____ /hr = \$ _____
Time spent in production	_____ hrs x \$ _____ /hr = \$ _____
Time spent packaging	_____ hrs x \$ _____ /hr = \$ _____
Time spent delivering	_____ hrs x \$ _____ /hr = \$ _____

Total Cost for Product: \$ \_\_\_\_\_



# PACKAGE WORKSHEET

This document is available as an excel spreadsheet in this packet.

## Package 1:

_____ hours of coverage		\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
<b>Total Price</b>	<b>=</b>	<b>\$ _____</b>
<b>Package Discount</b>	<b>-</b>	<b>\$ _____</b>
<b>Client Price</b>	<b>=</b>	<b>\$ _____</b>

## Package 2:

_____ hours of coverage		\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
<b>Total Price</b>	<b>=</b>	<b>\$ _____</b>
<b>Package Discount</b>	<b>-</b>	<b>\$ _____</b>
<b>Client Price</b>	<b>=</b>	<b>\$ _____</b>

## Package 3:

_____ hours of coverage		\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
_____	+	\$ _____
<b>Total Price</b>	<b>=</b>	<b>\$ _____</b>
<b>Package Discount</b>	<b>-</b>	<b>\$ _____</b>
<b>Client Price</b>	<b>=</b>	<b>\$ _____</b>

