Discounting

Marketing

What a discount really costs, and how to give one properly.

The volume increase needed to hold gross profit rises sharply as the discount deepens.

Required uplift = d ÷ (m − d), where m is margin and d the discount

40% margin, 10% off	**+33% volume needed**
40% margin, 20% off Double.	**+100% volume needed**
30% margin, 20% off Rarely achievable.	**+200% volume**

THE COMMON MISTAKE

× **Treating a 20% discount as a small concession**

✓ **It can require doubling volume**

The discount is taken from margin, not from price. A modest-looking cut removes a large share of the profit.

Always ask for something in return: a longer term, a larger volume, a case study, a faster payment.