

The

# Handmade Pricing Audit

*Find out what you are really  
earning per hour.*

# Before we begin.

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## THE £4.80 REALITY

I was a Top 0.3% Etsy UK seller (Top 2% globally) making velvet bows. Sales were strong. Reviews were glowing. I was working every evening and most weekends.

Then I ran the numbers properly. Materials, packaging, Etsy fees, payment processing, tax, every minute of my time. I was earning £4.80 an hour.

The handmade world is full of busy shops earning less than minimum wage. Most sellers never calculate it. The ones who do, change everything.

*Most handmade sellers price by copying competitors. That is how they stay underpaid. By the end of this audit, you will know exactly what you are earning per hour, and whether your pricing can survive.*

## HOW TO USE THIS AUDIT

- 1 Pick ONE product you currently sell, or one you are about to launch.
- 2 Work through pages 3 to 7 in order. Each page builds on the last.
- 3 Be honest with the numbers. The point is the truth, not the comfort.
- 4 On page 7 you will get your verdict and a recommended next step.

THE PRODUCT YOU ARE AUDITING:

## 1

# The True Cost Audit

Every cost most sellers forget. Fill in the real numbers for ONE unit of your product. If you do not know a number, estimate, then go and check.

## PER-UNIT COSTS

Material cost per unit:  \$

Packaging supplies per unit:  \$

Postage cost per unit:  \$

Platform fees per unit (listing + transaction + payment):  \$

Ad cost allocated per unit:  \$

Other per-unit cost (samples, shrinkage, returns):  \$

## TIME PER UNIT

Time to make ONE unit (minutes):  min

Listing, photography, admin (per unit):  min

Packing and shipping (per unit):  min

## SELLING PRICE

Current selling price per unit:  \$

### TIP

If you sell on Etsy, your platform fee is roughly 13 percent of total revenue (transaction + payment processing + offsite ads). Add the listing fee.

## 2

# Your True Hourly Rate

This is the gut punch. Most sellers never calculate this. The number you get on this page will change how you think about your shop.

### THE FORMULA

Selling price  
 minus All per-unit costs (from page 3)  
 minus Tax to set aside (20% of profit, or your rate)  
**= REAL PROFIT PER UNIT**  
 Real profit per unit ÷ Total time in hours  
**= YOUR TRUE HOURLY RATE**

### WORKED EXAMPLE

A handmade scrunchie sells for \$15. Materials \$3.00, packaging \$0.55, postage \$1.50, Etsy fees \$1.95, ads \$0.60, other \$0.10. Total costs: \$7.70. Profit before tax: \$7.30. Tax (20%): \$1.46. Real profit: \$5.84. Time to make + admin + pack: 32 minutes = 0.53 hours. Hourly rate: \$5.84 ÷ 0.53 = \$11.02 per hour.

### NOW YOU

- A. Selling price (from page 3):  \$
- B. Total per-unit costs (add up page 3):  \$
- C. Profit before tax (A minus B):  \$
- D. Tax to set aside (20% of C):  \$
- E. Real profit per unit (C minus D):  \$
- F. Total time per unit in hours (page 3 total ÷ 60):  hrs
- G. YOUR TRUE HOURLY RATE (E ÷ F):  \$/hr

## 3 Read Your Hourly Rate

<b>Under \$12/hr</b>	You are subsidising your customers. This is unsustainable.
<b>\$12 to \$18/hr</b>	Hobbyist territory. Below most state minimum wages.
<b>\$18 to \$30/hr</b>	You are building a job, not a business.
<b>\$30 to \$50/hr</b>	Sustainable. You are being paid like a professional maker.
<b>\$50+/hr</b>	Profitable and scalable. Now protect this and grow.

**MY CURRENT HOURLY RATE BAND:**

## 4 Your Pricing Floor

The minimum price you must charge to hit your target hourly rate. Below this floor, the product is not worth making.

**FLOOR FORMULA**

$(\text{Target hourly rate} \times \text{Hours per unit}) + \text{Total costs}$   
 $\div (1 \text{ minus your tax rate, e.g. } 0.80 \text{ for } 20\% \text{ tax})$   
**= MINIMUM SELLING PRICE**

H. Your target hourly rate:  \$/hr

I. Cost of time (H × F from page 4):  \$

J. Add total per-unit costs (B from page 4):  \$

K. Divide by 0.80 (assumes 20% tax):  \$

## 5

## The Pricing Ceiling Check

Your floor says what you MUST charge. Your ceiling says what the market will let you charge. Answer honestly. Five quick checks.

1

Is there evidence buyers in your niche already pay this price (premium sellers, sold listings, similar items)?

  
YES

  
NO

2

Does your branding (photos, packaging, shop name) match the price you want to charge?

  
YES

  
NO

3

Can a buyer instantly see why yours is different, in under 3 seconds?

  
YES

  
NO

4

Would your ideal customer proudly gift this or share it on social media?

  
YES

  
NO

5

Are similar premium sellers (not budget sellers) thriving in your niche?

  
YES

  
NO

**TOTAL YES ANSWERS (OUT OF 5):**

### READING YOUR CEILING

4 to 5 Yes · Your ceiling supports the price. You can raise prices now.

2 to 3 Yes · Positioning work needed before you raise prices.

0 to 1 Yes · The market will not pay it yet. Rework the offer.

# Your Verdict

Combine your hourly rate (page 4) and your ceiling score (page 6) to find your verdict. Tick the one that matches.

## PRICED TO LOSE

Low hourly rate. Low ceiling score. Either the product or the niche needs rethinking.

## UNDERPAID BUT FIXABLE

Low hourly rate. Strong ceiling score. Raise your prices to the floor and test.

## TRAPPED IN VOLUME

Hourly rate is okay, but only because you are making many units. Process needs work.

## PROFITABLE

Strong hourly rate and a confident ceiling. Protect this product and scale it.

### YOUR ACTION THIS WEEK

One thing I will change in the next 7 days:

New target price I will test:

\$

## What now?

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You have just diagnosed the pricing on ONE product. That is the easy part. The harder question is the one most handmade sellers never ask:

*How did you pick this product in the first place?*

Most handmade sellers choose products based on what they enjoy making, or what they have seen sell. Both are gambles. The Handmade Profit Filter™ is the 5-step system I use to evaluate any handmade product idea against demand, margins, competition, positioning, and scalability, BEFORE you spend a single hour making it.

### YOUR NEXT STEP

## The Handmade Profit Filter™

The 5-step system for choosing a handmade product that actually pays you.

**Audit customers save \$10 with code: AUDIT10**

[shop.launchyourhandmade.com/handmade-profit-filter](https://shop.launchyourhandmade.com/handmade-profit-filter)

### • AND FINALLY

The fact that you finished this audit puts you in the top 1% of handmade sellers. Most never run these numbers because they are afraid of the answer. You did. That is the hardest part.