CONTENTS

FOR DTC FOUNDERS AND OPERATORS · A FIELD GUIDE

THE PRICE RISE

Charging more without losing the customers you have, and knowing within six months whether you did.

ANDREW LAUCHNER Author of The Second Order and The Whole Machine

September 2026 · 15 chapters · About 70 minutes

A note before you start

Most DTC brands are raising prices this year or thinking hard about it. Tariffs moved landed costs in 2025 and the rules moved again in 2026. The question isn't whether price matters. It's who pays for the change, and whether they stay.

11.1%	14.8%
rise in operating profit from a 1% price rise at the average of 2,463 companies, if no volume is lost (Marn and Rosiello, 1992)	fewer orders over 28 months from recent buyers who later saw the same item for less (Anderson and Simester, 2010)

The first number is why every pricing book opens with price: small changes in price move profit more than anything else a company controls. The second is the condition. The customers who punished the retailer in Anderson and Simester's experiment were its best ones, who had bought most recently and paid the most.

So this guide shows the math that tells you how many customers a rise can afford to lose, then everything that decides whether you lose them: the reason, which prices move first, who hears first, what you do for subscribers and recent buyers, and where a stranger already gets a better deal than a loyal customer.

> **A price rise is a message to the customers who already trust you. Write it for them.**

It builds on The Whole Machine for contribution margin and The Standing Order for subscription mechanics. First-order offers and discount habits belong to The First Offer.

How to read it

Start with The Price Rise Audit, or with the one-page map below. Or follow a path:

- **Raising prices this quarter:** How Many Customers You Can Lose, Which Prices to Raise First, Grandfathering and Notice, Saying It.
- **Under tariff pressure:** Tariffs Are a Reason, Not a Plan, What Customers Call Fair, Shrinkflation.

- **Running retention or a subscription:** The Risk Sits With the Customers You Have, The Loyalty Tax Audit, Price Protection.

Three tools and a scored audit run in the page. Nothing you type leaves your browser.

What's proven and what isn't

- **Filed:** court decisions and regulator orders, with the date.
- **Published:** peer-reviewed research, books and articles by the researchers themselves, statutes and official regulator guidance, with the date they were true.
- **Reported:** what a named company, research firm or outlet published. Company policies are marked as the company's own statement.
- **Derived:** my arithmetic on stated inputs, with the inputs shown.

Examples that open with Say or Picture use made-up round numbers. Every source is listed in Appendix C. Where the law comes up, it's an operator's summary as of September 2026, not legal advice.

Andrew Lauchner

Scottsdale, Arizona

FRONT

TEN POSITIONS

What this guide argues, and what would prove each claim wrong.

A position says what would prove it wrong. Test each on your own store.

01 **Before any price rise, know how many customers it can afford to lose.**

Wrong if you've raised prices by more than 5% and your unit volume never moved.

How Many Customers You Can Lose

02 **The risk of a price change sits with existing customers, not new ones.**

Wrong if your repeat buyers' order rate held after your last increase while new-customer conversion fell.

The Risk Sits With the Customers You Have

03 **Customers accept a rise that passes on a cost and punish one that exploits them.**

Wrong if a rise explained by a named cost drew as many complaints and cancellations as one explained by nothing.

What Customers Call Fair

04 **Raise the prices customers don't track before the ones they do.**

Wrong if your hero product's price is no better known to your customers than your accessories' prices.

Which Prices to Raise First

05 **A new top tier raises the average price with less risk than a flat rise.**

Wrong if adding a best tier to a hero product lowered contribution per order.

Tiers, Fences and the Price Per Day

06 **Subscribers and loyal buyers hear first, with a date, and never learn the price from a charge.**

Wrong if customers told two weeks ahead cancel at a higher rate than customers who found out on their receipt.

Grandfathering and Notice

07 **Every place a stranger pays less than a customer is a tax on loyalty. Remove it before you raise anything.**

Wrong if your repeat customers never see your first-order offers.
The Loyalty Tax Audit

---

08 **Shrinking the pack is a price rise, and customers who notice treat it as a worse one.**

Wrong if a disclosed downsizing draws more complaints than an undisclosed one.
Shrinkflation

---

09 **Tariffs justify a rise. They don’t size it or decide who pays it.**

Wrong if your landed cost rose by the tariff rate on every SKU.
Tariffs Are a Reason, Not a Plan

---

10 **Judge a price rise on the 90- and 180-day retention of the customers who saw it, not on conversion.**

Wrong if your conversion rate the week after a rise has predicted your repeat rate six months later.
The Price Rise Scorecard

FRONT

A PRICE RISE ON ONE PAGE

Six decisions, in order. Each has one number that tells you whether you got it right, and one common way it goes wrong.

Most brands make one of these decisions, the new price, and let the other five happen by accident.

DECISION	THE QUESTION	THE NUMBER THAT TELLS YOU	WHERE IT GOES WRONG
1. How much	How many buyers can this rise lose and still pay?	Break-even volume loss, per SKU	A rise sized to the cost, not to the margin
2. Why	Will customers call the reason fair?	Complaints and cancel reasons that mention price	No reason, or a reason that sounds like opportunity
3. What	Which prices move, and which stay?	Share of revenue from SKUs whose price customers know	Raising the hero first because it sells most
4. Who first	Who hears before the site changes?	Share of subscribers and repeat buyers notified in time	Loyal customers learning the price from a charge
5. What else	Where does a customer already pay more than a stranger?	Discount depth, new versus returning buyers	A new higher price next to a welcome offer existing customers can’t use
6. Did it work	Did the customers who saw it stay?	90- and 180-day repeat rate against a comparison group	Judging it on the next week’s conversion rate

The decisions pull on each other. A bigger rise makes the reason matter more. Protecting subscribers costs money you count against the rise. A loyalty tax customers lived with at the old price becomes a reason to leave at the new one.

Do this

- **Write one line per decision** for the rise you're planning. Blank lines are the work. Most plans have a number for decision 1 and nothing for 4, 5 or 6.

START HERE · CHAPTER 1

THE PRICE RISE AUDIT

Twelve checks on whether you're ready to raise prices, and whether your last rise cost you customers you didn't count. About forty-five minutes with your margins, your offers and your customer data.

The audit isn't about whether your prices are too low. It's about whether you'd know what a rise did, and whether your store already makes loyal customers pay more than strangers.

Open your margins, live discount codes and automations, subscription settings and your last price change. Score each check 0 to 2: 0 if it failed or nobody can answer it, 1 if partly true, 2 if clean.

> **A price rise you can't measure is a guess you'll repeat.**

The twelve checks

01

You know contribution per unit for every SKU · 5 min

Look at: Your top 20 SKUs by revenue.
Good: Price minus landed cost, fulfillment, shipping, fees and average discount, in dollars and percent.
Cost if wrong: You can't work out how many buyers a rise can lose, so you guess.
Read next: How Many Customers You Can Lose

02

The rise has a break-even written next to it · 3 min

Look at: The plan or spreadsheet for the rise.
Good: Each SKU's increase sits next to the volume it can lose and leave contribution flat.
Cost if wrong: A 10% drop in orders looks like a disaster when it's a win, or noise when it's a loss.
Read next: How Many Customers You Can Lose

03

You know how much of revenue comes from existing customers · 3 min

Look at: Last 90 days of revenue, split between first orders and repeat orders.
Good: Someone can give the split today.
Cost if wrong: You plan for strangers' reaction and get your regulars'.
Read next: The Risk Sits With the Customers You Have

04

The reason is one sentence customers would call fair · 3 min

Look at: The draft announcement.
Good: It names a cost that rose and doesn't mention demand, competitors or "market conditions."
Cost if wrong: A rise that reads as opportunism draws complaints out of proportion to its size.
Read next: What Customers Call Fair

05

You know which prices customers remember · 4 min

Look at: Your SKU list, marked hero, entry product or staple.
Good: The rise is spread by how well customers know each price, not flat.
Cost if wrong: The one price everyone knows jumps, and becomes the story.
Read next: Which Prices to Raise First

06

Your hero product has a tier above it · 3 min

Look at: The product page of your best seller.
Good: A larger, better or bundled version at a higher price that at least one buyer in ten chooses.
Cost if wrong: The only way to raise average price is to raise the known one.
Read next: Tiers, Fences and the Price Per Day

---

07 **Subscribers and repeat buyers hear before the site changes · 4 min**

Look at: Your last price change, or your plan for this one.
Good: Subscribers get written notice inside your strictest state's window, in dollars, with a way to cancel; repeat buyers get notice and a chance to buy at the old price.
Cost if wrong: Loyal customers learn the price from a charge, which some states treat as a violation.
Read next: Grandfathering and Notice

---

08 **Any grandfathering has a written end date · 2 min**

Look at: Customers still on old prices.
Good: You know how many, what they cost a month, and when their price moves.
Cost if wrong: A kindness becomes a permanent second price list.
Read next: Grandfathering and Notice

---

09 **No stranger gets a better deal than a customer · 6 min**

Look at: Every live code, pop-up, ad offer, marketplace price and subscription discount.
Good: Repeat customers can get any price a stranger can, or something at least as good.
Cost if wrong: Your best customers pay the most, and a rise makes it visible.
Read next: The Loyalty Tax Audit

---

10 **Recent buyers are covered if a price drops · 3 min**

Look at: Your policy, and what support does when someone asks.
Good: A written price protection window, applied to everyone who asks.
Cost if wrong: The customers who just paid the most watch the price fall, and buy less.
Read next: Price Protection

---

11 **Any pack or count change is disclosed · 3 min**

Look at: Your last three product changes in size, count or formula.
Good: Each was stated on the product page and to repeat buyers, old and new amount.
Cost if wrong: Customers who notice judge it worse than a price rise, and several countries require notice.
Read next: Shrinkflation

---

12 **You'll judge the rise on retention, with a comparison · 5 min**

Look at: How your last price change was evaluated.
Good: 90- and 180-day repeat rate for customers who saw the new price, against a comparison.
Cost if wrong: You call it a win on week-one conversion and find the loss in next year's

repeat revenue.

Read next: The Price Rise Scorecard

Score as you go; your band appears when all twelve are in.

RUN YOUR NUMBERS

Score the twelve checks

0: failed, or nobody can answer it. 1: partly true. 2: clean. Scores stay in this browser.

01 You know contribution per unit for every SKU 5 min	0	1	2
02 The rise has a break-even written next to it 3 min	0	1	2
03 You know how much of revenue comes from existing customers 3 min	0	1	2
04 The reason is one sentence customers would call fair 3 min	0	1	2
05 You know which prices customers remember 4 min	0	1	2
06 Your hero product has a tier above it 3 min	0	1	2
07 Subscribers and repeat buyers hear before the site changes 4 min	0	1	2
08 Any grandfathering has a written end date 2 min	0	1	2
09 No stranger gets a better deal than a customer 6 min	0	1	2
10 Recent buyers are covered if a price drops 3 min	0	1	2

11 **Any pack or count change is disclosed** 3 min	0	1	2
12 **You'll judge the rise on retention, with a comparison** 5 min	0	1	2

0 of 24 points	0 of 12 checks scored

Score all twelve to read your band. 12 to go.

RESET SCORES

Read your score

SCORE	WHAT IT MEANS	READ NEXT
20–24	You're ready. Raise with the break-even in hand, tell your customers first, and read the result at 90 and 180 days.	Saying It, then The Price Rise Scorecard
14–19	The math is mostly there; the protection for existing customers isn't. Fix the zeros before the new prices go live.	The chapter linked from your lowest check, then Grandfathering and Notice
8–13	A rise now would be a guess about volume and a gamble with your best customers. Do the math and the loyalty tax audit first.	How Many Customers You Can Lose, then The Loyalty Tax Audit
0–7	Don't raise prices this month. Build contribution per SKU and a way to measure retention, then come back.	The Biggest Lever, With a Condition, then The First Thirty Days

If you've never changed a price, checks 7, 8 and 10 may not apply yet. Score them on the plan you'd follow. If you don't sell subscriptions, score check 7 on repeat buyers alone.

PART ONE · THE MATH · CHAPTER 2

THE BIGGEST LEVER, WITH A CONDITION

The most quoted number in pricing is right. It also assumes the one thing a price rise puts at risk.

In 1992, Michael Marn and Robert Rosiello of McKinsey published an article in the Harvard Business Review that every pricing book since has quoted. They took the average economics of 2,463 companies in the Compustat database and asked what a 1% improvement in each part of the income statement would do to operating profit.

What the article says

A 1% IMPROVEMENT IN	RAISES OPERATING PROFIT BY
Price	11.1%
Variable cost	7.8%
Volume	3.3%

A 1% IMPROVEMENT IN	RAISES OPERATING PROFIT BY
Fixed cost	2.3%

PUBLISHED Marn and Rosiello, “Managing Price, Gaining Profit,” Harvard Business Review, September–October 1992, Exhibit 1.

Some summaries quote the price figure as 10.29%. The article says 11.1%, and I found no primary source for 10.29%. A 2003 McKinsey update by Marn, Eric Roegner and Craig Zawada, using the average S&P 1500 company, put it at about 8% PUBLISHED .

The condition

The article’s sentence is precise: “a 1% improvement in price, assuming no loss of volume, increases operating profit by 11.1%” PUBLISHED . Everything depends on that middle clause.

The article’s own numbers tell you how fragile that is. An 11.1% gain from 1% of revenue means operating profit was about 9% of sales. A 3.3% gain from 1% more volume means each sale contributed about 30% after variable costs. At that cost structure, a 1% price rise stops paying if it loses more than about 3.3% of volume DERIVED .

> **The 11.1% is what a price rise earns if nobody notices. Customers who’ve bought from you before always notice.**

How much volume moves

The best summary of how volume responds to price is a meta-analysis by Tammo Bijmolt, Harald van Heerde and Rik Pieters. They collected 1,851 price elasticities from 81 studies, and the average was −2.62: a 1% rise in price, on average, came with a 2.62% fall in sales PUBLISHED .

Put that average into Marn and Rosiello’s company and the 11.1% becomes about 2% DERIVED . An average across many categories isn’t your number, and a brand with loyal buyers and a product nobody else makes may do better. But zero is not a reasonable guess for your volume loss.

Do this

- **Find your own version of the 11.1%.** Take last year's operating profit as a share of revenue and divide 1 by it. At 8%, a 1% rise with no volume loss adds 12.5% to operating profit. Then read the next chapter before you believe it.

PART ONE · THE MATH · CHAPTER 3

HOW MANY CUSTOMERS YOU CAN LOSE

One division tells you the volume a price rise can lose and still leave you where you started. Write it next to every increase before you decide.

You will lose some customers. The question is how many you can lose before the rise costs more than it earns. That number is easy to work out, and almost nobody writes it down.

The rule

BREAK-EVEN VOLUME LOSS

`rise ÷ (margin + rise)`

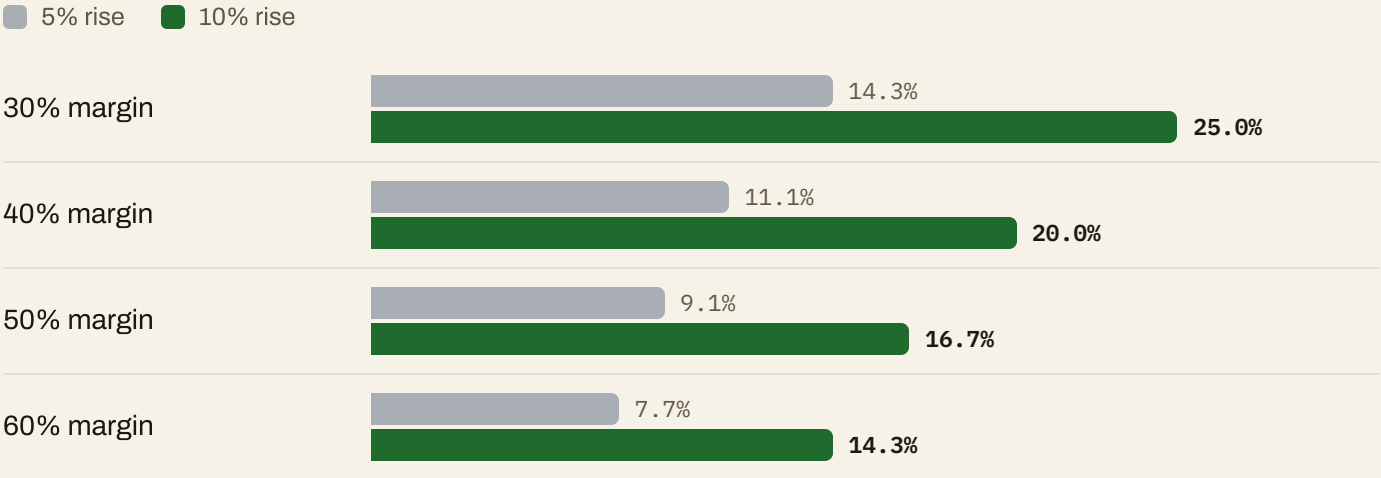
Both in percent of today's price. Margin is contribution margin: price minus every cost that comes with one more unit sold. A 10% rise on a 40% margin can lose 10 ÷ 50 = 20% of volume and still leave contribution where it was.

This is the standard break-even sales formula from Thomas Nagle and Georg Müller's The Strategy and Tactics of Pricing PUBLISHED . It works because a rise adds its whole amount to each unit's contribution. At a 40% margin, a 10% rise takes contribution per unit from 40 cents on each old dollar of price to 50, so four units at the new price earn what five did at the old one.

Use contribution margin, not gross margin: take out landed product cost with duty, pick and pack, the shipping you pay, packaging, payment fees and the average discount the SKU actually sells at. The Whole Machine covers contribution per order.

The higher your margin, the fewer buyers a rise can lose

Share of unit volume a price rise can lose and leave contribution unchanged, by contribution margin before the rise.



DERIVED Rise ÷ (margin + rise), for the margins and rises shown.

A worked example

Say a brand sells 10,000 units a month of its main product at $40. Product, freight, duty, pick and pack, shipping and fees come to $24 a unit, so contribution is $16, a 40% margin, and $160,000 a month. It raises the price 8%, to $43.20. Contribution per unit becomes $19.20. To earn $160,000 at $19.20 it needs 8,333 units. So it can lose 1,667 units a month, 16.7% of volume, before the rise costs money.

If it loses 5%, it sells 9,500 units and makes $182,400, up $22,400 a month. If it loses 20%, it makes $153,600, down $6,400. Same rise, a win or a quiet loss, depending on a number nobody knows yet. So write the break-even down first and measure against it after (chapter 14).

> **Write the break-even next to the rise. A 10% drop in orders is a win or a loss, and only that number says which.**

RUN YOUR NUMBERS

How much volume can this rise lose?

Example numbers. Replace with yours, one SKU or product line at a time. Variable cost includes today's landed cost, with any new duty.

Price today

$ 40

Variable cost per unit

$ 24

Price rise

8 %

Units sold per month

10000

Volume you expect to lose

5 %

16.7%	1,667	−2.08	+$22,400
of volume the rise can lose at break-even	units a month you can lose	price elasticity at break-even	change in monthly contribution if you lose 5.0% of volume (+14.0%)

> **The rise pays unless you lose more than 16.7% of volume, about 1,667 units a month. At your expected 5.0% loss, contribution rises $22,400 a month. Write**

> **the break-even on the plan and check it at 90 days.**
>
> Contribution only; fixed costs don't change. The elasticity is break-even volume loss divided by the rise: if your customers respond more weakly, the rise pays.

With the defaults, the rise can lose 16.7% of volume, about 1,667 units a month, and at a 5% loss it adds $22,400 of contribution a month. The break-even elasticity is −2.08: if your buyers respond less strongly than that, the rise pays. Compare that with the −2.62 average from the last chapter and you can see why the margin matters. A brand at a 40% margin whose buyers responded like that average would have lost money on this rise.

If your costs already rose

When a tariff or supplier raises your cost, compare the rise with doing nothing at the new cost. Put today's landed cost into the tool. Your margin is lower, so the same rise can afford to lose more buyers. A cost increase is the easiest time to raise a price, in the arithmetic and, as chapter 5 shows, in customers' eyes.

Run it per SKU, not per store

A store-wide number hides the risky SKUs. Run the tool for each product line above a tenth of revenue. Low-margin SKUs have the most room. A high-margin hero has the least, and its price is the one customers know best (chapter 6).

Do this

- **Put the break-even next to each SKU in the plan.** Any SKU where your honest guess at volume loss is more than two-thirds of its break-even gets a smaller rise or a tier instead.

THE RISK SITS WITH THE CUSTOMERS YOU HAVE

A stranger sees one price. A customer sees a change. The best evidence on how customers punish a price they think wronged them comes from a catalog company and 55,047 customers.

Managers have long said they avoid changing prices for fear of "antagonizing customers." Eric Anderson and Duncan Simester found no evidence that anyone had measured it, so they ran a randomized experiment and followed the customers for 28 months.

The experiment

A mid-sized publishing retailer, selling about 450 of its own products by catalog, sent 55,047 customers one of two versions of a catalog, at random. Thirty-six items were discounted in both. In one version the discounts averaged 34%; in the other, 62%. The group to watch had bought one of the 36 items in the three months before, at a price above the smaller discount.

Those customers, when they received the version with the deeper discount, placed 14.8% fewer orders over the next 28 months, about $90 less revenue each. The share who placed no order at all was 34.0%, against 27.1% with the smaller discounts. The authors called it a boycott PUBLISHED .

14.8%	27% → 34%
fewer orders over 28 months from recent buyers who saw a lower price for what they'd just bought	share of those buyers who never ordered again in the period, smaller discounts against deeper

PUBLISHED Anderson and Simester, “Price Stickiness and Customer Antagonism,” Quarterly Journal of Economics, 2010. A second study at an apparel retailer with about 110,000 customers found a smaller effect: 2.4% fewer orders.

The effect was largest among the firm’s most valuable customers, “those whose prior purchases were most recent and at the highest prices” PUBLISHED . After the study, both retailers stopped sending discount catalogs to customers who had recently bought the discounted items.

What it means for a price rise

The experiment is about a price going down, so read it for the mechanism. A customer who has bought from you carries a reference price, what they paid last time, and judges every later price against it. A new visitor has no reference. A price change is only a change to people who’ve bought before, and the most recent, highest-paying ones feel it most.

That shows up in three places when you raise prices:

- **The rise itself.** Repeat buyers compare it with their last receipt. A rise that tests well on new traffic can still cost you regulars.
- **The discounts around it.** A welcome discount beside the new price, or a sale a month later, shows a lower price to customers who just paid the higher one: the experiment exactly (chapter 9).
- **The next markdown.** If a raised price comes down, the people who paid it are the ones the catalog lost (chapter 10).

> **A stranger sees a price. A customer sees a change. Plan the rise for the customer.**

Loyal doesn’t mean price-blind

The usual intuition is that loyal customers are the least price-sensitive. For small changes, habit may keep them buying. But the catalog’s best customers weren’t reacting to a price level. They were reacting to being treated worse than someone else, and many stopped buying across categories. My reading: loyal customers forgive a higher price more readily than an unfair one. The next chapter is about what “unfair” means.

Do this

- **Pull two numbers:** the share of last quarter's revenue from repeat customers, and the number of customers who bought each SKU you plan to raise in the last 90 days. The second list is who hears first in chapter 8.

PART TWO · WHAT TO RAISE · CHAPTER 5

WHAT CUSTOMERS CALL FAIR

Forty years ago, three economists asked people which price changes felt fair. The answers are still the best rulebook for a price rise.

In 1986 Daniel Kahneman, Jack Knetsch and Richard Thaler published the results of telephone surveys, run in Toronto and Vancouver in 1984 and 1985, that asked people to judge short scenarios about prices, rents and wages. The answers weren't about whether a price was high. They were about whether a change broke an unwritten deal.

The answers

SCENARIO	CALLED IT UNFAIR
A grocer pays 30 cents more a head for lettuce and raises the price 30 cents	21%
A car dealer ends a $200 discount and sells at list price	42%
A car in short supply: the dealer charges $200 over list	71%
A chain charges 5% more in the one town where it has no competitor	76%
A hardware store raises snow shovels from $15 to $20 the morning after a storm	82%
A landlord learns the tenant took a job nearby and raises the rent $40 more than planned	91%

PUBLISHED Kahneman, Knetsch and Thaler, “Fairness as a Constraint on Profit Seeking: Entitlements in the Market,” American Economic Review, September 1986. Samples of 101 to 157 respondents per question.

The authors explained the pattern with what they called dual entitlement: customers are entitled to the terms of the usual transaction, and firms to their usual profit PUBLISHED . A rise that protects your profit from a cost you didn’t choose is fair. A rise that exploits demand, a shortage, a lack of competition or a customer who can’t easily leave is not.

> **Customers let you keep your margin. They don’t let you use their loyalty against them.**

Five rules for a DTC price rise

01

Name the cost

The lettuce question is the tariff question. Say which cost went up: “the duty on our bottles went from zero to 12.5% this summer” beats “costs have increased.”

02 **Never tie a rise to demand**

Selling out, a viral moment or a competitor's stockout are snow shovel reasons, whatever your real reason.

03 **Take back a discount before raising a list price**

Ending a $200 discount drew far fewer "unfair" answers than charging $200 over list: 42% against 71%. Shrinking a standing discount is the gentler first move; The First Offer covers how.

04 **Don't charge the tenant more**

The landlord question, the most unfair in the set, describes a subscriber. Raising existing subscribers first or most because they're less likely to leave is the rise customers punish hardest (chapter 8).

05 **Size still matters**

A 2016 meta-analysis by Farid Tarrahi, Martin Eisend and Florian Dost found that an unjustified motive hurts more than a cost justification helps, and that the size of a change predicted fairness judgments more strongly than the motive PUBLISHED . A good reason doesn't license a rise twice the size of the cost.

When costs come back down

When a furniture maker's cost fell by $20 and it kept its price, 53% of the 1986 respondents called that acceptable PUBLISHED . People mind a kept saving less than an invented cost. That matters now the 2025 emergency tariffs have been struck down and refunds are moving (chapter 12). But if your announcement said "because of tariffs," customers will remember. The fair move is a visible gesture back on the SKUs most affected.

Do this

- **Write the reason in one sentence.** If it names a cost, keep it. If it mentions demand, competitors or "the market," rewrite it. If you can't name a cost, make the rise smaller or use a tier (chapter 7).

PART TWO · WHAT TO RAISE · CHAPTER 6

WHICH PRICES TO RAISE FIRST

Customers know a handful of your prices and almost none of the rest. Raise in reverse order of how well the price is known.

Most brands raise every price by the same percentage because it's simple. It's also the riskiest way: the rise lands hardest on the one price everyone remembers, and that price becomes the story.

Most prices aren't remembered

Peter Dickson and Alan Sawyer observed and interviewed supermarket shoppers. More than half couldn't correctly name the price of the item they had just put in the cart, and more than half of those who bought something on special didn't know it was reduced PUBLISHED . That was 1990 and groceries; a DTC customer who reorders every six weeks knows that price better. But price knowledge is concentrated on a few items bought often, advertised or bought first.

For a DTC brand, the known prices are usually these:

- **The hero product,** the one in your ads and on your homepage.
- **The entry product,** the one most first orders include.
- **The subscription price,** which subscribers see on every charge.

- **Any price you've put in an ad, email subject line or influencer script.**

Everything else, from accessories and refills to larger sizes, sets, add-ons and new launches, is known loosely or not at all.

> **The price everyone knows is the price the rise will be judged by. Move it last and least.**

The order

MOVE	WHAT	WHY
First	New products, new sizes and new sets	No reference price exists. Launch them at the price you want.
First	Accessories, refills, add-ons and the long tail	Low price knowledge, often the highest break-even (chapter 3)
Second	Bundles and larger packs	Keep the per-unit price better than singles, so the value story survives
Second	The SKUs whose costs rose most	The fairest rise, with a reason you can name (chapter 5)
With notice	Subscription and replenishment prices	Known on every charge; protected by notice rules (chapter 8)
Last, or through a tier	The hero and the entry product	The prices customers remember, and the ones acquisition depends on

The entry product's price shapes who buys a first time. If you raise it, check first orders with The First Offer's value math, or a proper test if you have the traffic (The Honest Test).

A case: Procter & Gamble, July 2025

On July 29, 2025, Procter & Gamble said it would raise prices on about a quarter of its US products, by mid-single digits, starting in August. It put the cost of tariffs at about $1 billion

before tax in its new fiscal year. Its finance chief described a consumer who was “more selective” and looking for value in larger packs at club, online and big-box retailers REPORTED .

REPORTED Reuters, via BNN Bloomberg, July 29, 2025.

Two things are worth copying. The rise was selective, a quarter of the range. And it was single digits, tied to a cost everyone had read about for months. A company with P&G’s pricing power still moved only a quarter of its prices.

Do this

- **Sort your SKUs into the six rows above.** Put the break-even from chapter 3 next to each. Plan the rise from the top of the table down, and stop moving down when the extra contribution you need is covered.

PART TWO · WHAT TO RAISE · CHAPTER 7

TIERS, FENCES AND THE PRICE PER DAY

The safest way to raise your average price is to leave the known price alone and give people a reason to pay more.

A tier ladder, good, better and best, lets customers choose to pay more. Nobody’s reference price changes, and nobody is told the price went up.

When it works, the average price rises while the price people compare stays where it was.

Why the middle sells

Itamar Simonson found in 1989 that people unsure what they want pick the option with the best reasons behind it, and that an option gains share when it becomes the compromise between two others PUBLISHED . Add a Best tier above your hero and the hero becomes the sensible middle.

Don't lean on the decoy effect, where a clearly worse option makes its neighbor look better. Shane Frederick, Leonard Lee and Ernest Baskin found in 2014 that it largely disappeared once people saw, tasted or pictured the products instead of reading numbers PUBLISHED . Build each tier to be worth buying.

Fences

A fence lets different buyers pay different prices without anyone feeling cheated: a larger size, a set, a refill plan, premium materials, a service. It works when it's real and buyers sort themselves by choosing it. The fence to avoid is "new customers only," because it makes your existing customers the ones who pay more (chapter 9).

What a ladder does to the average

Say a brand sells its hero at $40 with $24 of variable cost. It introduces a smaller $36 version, keeps a $42 standard version with a small upgrade, and adds a $58 premium set ($22 and $30 of variable cost for the small and premium). If 30% buy the smallest, half the standard and a fifth the premium, the average price rises to $43.40 and average contribution per order from $16 to $18.80. That's 8.5% more on price and 17.5% more on contribution, and the standard version rose only $2.

RUN YOUR NUMBERS

What does a tier ladder do to your average?

Example numbers. Replace with yours. Shares are the mix you expect across the three tiers, and must add to 100%. Volume is held constant.

Price today, one version

$ 40

Variable cost today

$ 24

Good: price

$ 36

Good: variable cost

$ 22

Good: share of buyers

30 %

Better: price

$ 42

Better: variable cost

$ 24

Better: share of buyers

50 %

Best: price

$ 58

Best: variable cost

$ 30

Best: share of buyers

20 %

$43.40	$18.80	+8.5%	71%
average price per order, +8.5% on today's $40.00	average contribution per order, +17.5% on today's $16.00	straight price rise it equals, on price	share choosing Good at which the gain disappears

> **The ladder raises average price 8.5% and contribution per order 17.5%, and the gain holds unless more than 71% of buyers choose Good. Launch it on the hero product page and track the mix weekly.**

The last figure holds the Better-to-Best ratio fixed. Volume gained or lost isn't modeled.

With the defaults, the ladder lifts average price 8.5% and contribution per order 17.5%, and the gain holds unless more than 71% of buyers choose the $36 version. The risk is the bottom rung. If Good is just a cheaper Better, buyers slide down. Make it a real step down: smaller, plainer.

The price per day

John Gourville's 1998 research on "pennies-a-day" framing found that stating a cost as a small daily amount, rather than a yearly total, led people to compare it with small everyday spending and made them more willing to pay PUBLISHED . In a 2003 follow-up he found the effect reverses at large amounts: people preferred "$1 per day" to "$365 per year," but "$4200 per year" to "$11.50 per day" PUBLISHED .

So per-day framing suits consumables that cost a dollar or two a day. A supplement at $48 a month is "$1.60 a day." A $3,000 mattress is not "$2.74 a day for three years." For durables, cost per wear or per use works where it's honest.

My rule around a price rise: show the full price next to the daily one. "Now $52 a month, about $1.73 a day" is fine. "Just 13 cents more a day," alone, is hiding the change.

Do this

- **Sketch a ladder for your hero product** with a real Best tier and a real, smaller Good. Run the tool with your honest mix. If it lifts contribution per order more than the straight rise you planned, launch the ladder first and raise less.

PART THREE · THE CUSTOMERS YOU HAVE · CHAPTER 8

GRANDFATHERING AND NOTICE

Subscribers and loyal buyers should hear first, in dollars, with a date. Whether to keep them on the old price for a while is arithmetic, and the tool below does it.

You can move existing customers to a new price three ways: raise everyone on the same day, tell them first with a window at the old price, or keep them on the old price for a set time. The first is cheapest on paper and most likely to cost you the customers the rise depends on.

Who hears first

01 **Subscribers**

The law sets how you tell them. In California, an automatic renewal business must give “a clear and conspicuous notice of the fee change” 7 to 30 days before it takes effect, with how to cancel, for agreements made, amended or extended since July 1, 2025 PUBLISHED . In New York, you can’t charge a raised price without affirmative consent, or a window of at least 14 days after the charge to cancel with a pro rata refund PUBLISHED . Other states differ; have counsel set your window.

02 **Recent and repeat buyers**

Everyone who bought the affected SKUs in the last 90 days, and anyone who has ordered more than once. Tell them a week or two ahead and let them buy at the old price until the date.

03 **Everyone else**

The site changes on the date. New visitors see one price and no announcement.

The California window runs both ways: a notice 60 days ahead doesn’t count, so send a second inside the 7 to 30 days. The Standing Order covers the mechanics, from pre-renewal reminders to how billing platforms apply a new price.

> **No loyal customer should learn the new price from a receipt.**

The stock-up window

A week or two at the old price turns the announcement into a favor. It also pulls orders forward, so expect a spike before the date and a dip after, and read the result over the whole cycle (chapter 14). Cap quantities if a year's supply at the old price would hurt.

Grandfathering is a cost you can count

Keeping existing customers on the old price costs you the rise on every order they place in the meantime. It pays only if it keeps enough of them who would otherwise have left. The tool compares raising them now with raising them after a grandfather period, over the same horizon.

RUN YOUR NUMBERS

Grandfather them, or raise them now?

Example numbers. Replace with yours. "Extra lost" means customers who stop buying because of the rise, on top of your normal churn.

Existing customers affected: 5000

Orders per customer per year: 6

Price per order today: $ 40

Contribution margin today: 40 %

Price rise: 8 %

Grandfather period: 3 months

Extra lost if raised now: 6 %

Extra lost if raised after the period: 3 %

Horizon: 24 months

$24,000	150	+$14,880	4.5%
rise you give up during the period	customers kept who would have left	contribution from grandfathering over 24	extra loss after the period at which the two break even

		months, against raising now	

> **Grandfathering for 3 months wins by $14,880 over 24 months, as long as the delayed rise loses fewer than 4.5% of these customers. Write the end date down and send the notice for it like a new rise.**

Contribution only. Assumes lost customers leave when their price changes and the rest keep ordering at the same rate; normal churn cancels out.

With the defaults, three months at the old price costs $24,000 of the rise, keeps 150 customers who would have left, and comes out $14,880 ahead over two years. It pays as long as the delayed rise loses fewer than 4.5% of them, against 6% if you raised now. Stretch the period to twelve months and it loses: the rise you give up grows faster than the customers you keep.

The tool can't tell you the two loss rates. Guess before the first rise, then measure them with the comparison in chapter 14 and rerun it before the next.

Rules for grandfathering

- **Always an end date,** announced at the start. Without one, it becomes a second price list nobody chose.
- **Treat the end like a rise.** Same notice windows, same reason, same way to cancel.
- **Grandfather by relationship:** subscribers and customers with two or more orders.
- **Never grandfather new customers into a deal existing ones can't have.** That's the loyalty tax from the other side.

Do this

- **Decide the plan for each group**: subscribers (window, grandfather, end date), repeat buyers (notice, stock-up window), everyone else (date). Run the tool at three and six months. Send counsel the subscriber notice.

PART THREE · THE CUSTOMERS YOU HAVE · CHAPTER 9

THE LOYALTY TAX AUDIT

Every place a stranger gets a better deal than a customer. Find them before you raise a price, because a rise makes every one of them visible.

Most DTC brands charge their best customers the most without meaning to. The welcome discount, the creator code and the cart email go to people who haven't bought yet; the customer on their fifth order pays full price. At a new, higher price, next to a stranger's 20% off, they notice.

Regulators have a name for it

In Britain, the Competition and Markets Authority took up a 2018 "loyalty penalty" super-complaint from Citizens Advice covering five markets PUBLISHED . The Financial Conduct Authority then banned "price walking" in home and motor insurance: from January 1, 2022, a renewal quote can't be higher than the price a new customer would get. It estimated the change would save consumers £4.2 billion over ten years FILED . No US rule covers a DTC welcome offer, but the regulators' view is the customer's: paying more for staying feels like a penalty.

> **If a stranger can get a better price than your best customer, your best customer will eventually find out.**

The audit

Go through each place below and write down the best price a stranger can get and the best price a customer with three orders can get, for your top five SKUs.

WHERE	WHAT THE CUSTOMER SEES	THE FIX
Welcome pop-up	A first-order discount offered on every visit, including theirs	Suppress it for known customers, or offer them something equal
Ad, affiliate and creator codes	Codes deeper than anything sent to customers, often on coupon sites within days	Cap public codes at your customer offer; expire and rotate them
“New customers only” bundles and trials	A set or starter price they’re barred from	Make the bundle open to all, or give customers a reorder bundle at least as good
Marketplaces	The same product cheaper on a marketplace than on your site	Match your own site, or sell a different pack there
Subscription first order	A first-box discount far deeper than the ongoing subscriber price	Narrow the gap (The Standing Order)
Cart and browse abandonment	A discount for leaving without buying	Remind without a discount; never send one to repeat customers
Winback	Lapsed customers offered more than active ones get	Win back with a reason, not a deeper code (The First Offer)
Referral	The friend gets more than the customer who referred them	Balance the two sides (Close the Loop)
Sales after a full-price order	The price they just paid, cut a week later	Price protection (chapter 10)

Whether to have a welcome offer at all, and how deep it should be, belongs to The First Offer. The question here is narrower: who can see it, and what the people who’ve already bought get instead.

Parity, not the same discount

The fix is rarely the same code. It's making sure customers never pay more than a stranger, and that what they get instead is worth as much: first access, a better reorder bundle, free shipping, a gift with the third order. My rule: a customer's best available price on any SKU should never be worse than a new visitor's, on any day.

Do this

- **Fill in the table this week** for your top five SKUs, and fix every row where the stranger wins before the new prices go live. The discount-depth query is in Appendix A.

PART THREE · THE CUSTOMERS YOU HAVE · CHAPTER 10

PRICE PROTECTION

If the price drops soon after someone paid the higher one, give them the difference. It's cheap, and it protects the customers a price change hurts most.

Price protection means refunding the difference when your price falls within a set window after a purchase. It answers Anderson and Simester's experiment directly: the customers who stopped buying had just paid more than the new price.

Why it matters after a rise

A rise is often followed within weeks by the first sale at the new price. Customers who bought at full price just before it are your most recent, highest-paying customers, the group that punished the retailer hardest in the experiment PUBLISHED . Protection turns that moment from a grievance into a reason to trust you.

Some large retailers already do this. Best Buy's policy says that if it lowers its own price during the return and exchange period, "we will match our lower price, upon request" REPORTED .

Designing it

- **Window.** Match your return window, or 14 to 30 days. Long enough to cover the sale that usually follows a full-price order, short enough to cost little.
- **How it's paid.** Store credit costs less and brings the customer back; a refund to the card is cleaner and builds more trust. Offer the refund if you can afford it.
- **On request, or automatic.** On request is cheaper and standard. Automatic, for subscribers and customers with several orders, is a stronger signal. At minimum, apply it without argument when asked.
- **Exclusions.** Few and printed. A policy full of exceptions reads as a trap.
- **Say it before they need it,** on the product page and in the order confirmation.

What it costs

Say a brand runs a 20% sale two weeks after a rise, and took 2,000 full-price orders averaging $50 in the 14 days before. If every one of those customers asked, protection would cost $20,000. Fewer will ask, and store credit gets spent with you. The other path is those buyers seeing the sale and ordering less for years, as the catalog customers did.

> **The customer who paid full price last week is the one your sale email should worry about.**

Do this

- **Write a price protection policy** from the template in Appendix B, give support a macro, and add the line to your order confirmation before the first sale after your rise. For that sale, tell anyone who paid full price in the previous 14 days that the difference is theirs.

PART FOUR · THE QUIET WAY · CHAPTER 11

SHRINKFLATION

Shrinking the pack at the same price works because people don’t notice. The research says those who do notice judge it more harshly than a price rise, and regulators in three countries now require a label.

Shrinkflation is the same price for less product. Coffee that went from a pound to eleven ounces and ice cream from a half gallon to 1.75 quarts are the examples in John Gourville’s work at Harvard REPORTED . It’s tempting for the same reason it’s controversial: it moves the number customers don’t watch.

Why it works

Gourville and Jonathan Koehler’s 2004 working paper argued that consumers are more sensitive to price than to quantity PUBLISHED . Field data agrees. Metin Çakır and Joseph Balagtas studied household purchases of ice cream in Chicago and found that demand responded to package size about a quarter as much as it responded to price PUBLISHED . Aljoscha Janssen and Johannes Kasinger, in a 2026 study of a decade of US grocery

scanner data, found downsizing more than five times as common as upsizing by sales volume, and shoppers more responsive to price than to size PUBLISHED .

Why it backfires

It works when people don't notice. When they do, they judge it more harshly than a price rise. In five preregistered experiments published in 2024, Ioannis Evangelidis found most people called a cost-driven price rise fair, but the same rise as a smaller pack less so: in the first study, 44.4% called the downsizing unfair against 30.7% for the price rise. The reason was deception. When the change was stated on the pack, the gap disappeared: 36.9% against 35.4% PUBLISHED .

44% vs 31%	37% vs 35%
called a smaller pack unfair, against the same rise as a higher price (Evangelidis, 2024)	once the smaller pack was disclosed on the package: no real difference

That is the whole ethics question in two numbers. Shrinking a pack isn't unfair in itself. Hiding it is, and customers treat it that way.

> **A smaller pack is a price rise. Say so, and it's judged like one. Hide it, and it's judged worse.**

Why it's riskier for DTC

A DTC customer uses the product at a steady rate, so a smaller bottle runs out sooner, and on a subscription it runs out before the next box. They're also the loyal, recent buyers who react most to feeling tricked (chapter 4). The customer most likely to notice your shrinkflation is the one you most want to keep.

What regulators say

- **United States.** The Government Accountability Office reported in July 2025 that downsizing added less than 0.1 percentage points to the 34.5% rise in consumer prices from 2019 to 2024, but 1.6 points in cereal and 3.0 in household paper. It noted proposed

federal legislation to treat manufacturers' downsizing as an unfair or deceptive practice PUBLISHED . Connecticut's attorney general backed a 2025 bill, HB 6856, requiring 12 months' notice of downsizing on grocery staples; it was tabled and didn't pass REPORTED .

- **France.** Since July 1, 2024, supermarkets over 400 square meters must post a notice next to downsized products for two months, stating the old and new quantity and the rise in unit price PUBLISHED .
- **South Korea.** Since August 2024, makers of processed foods and household goods must disclose a size reduction for three months, with fines for failing to REPORTED .
- **Austria.** Since April 1, 2026, food and drugstore retailers must label downsized products for 60 days. Distance selling is exempt REPORTED .

None of these reaches a US DTC brand selling from its own site today, but the direction is clear, and the FTC Act's ban on deceptive practices already applies. Have counsel review any pack change you don't plan to announce.

The math customers do

The hidden rise is the old size divided by the new, minus one. A 16-ounce jar cut to 14 is a 14.3% rise per ounce; twelve bars cut to ten, 20% per bar DERIVED . Bigger rises than most brands would announce, which is why they're done quietly.

How to change a pack in the open

01 **Say it where they'll see it**

On the product page, near the price: "Now 14 oz (was 16 oz)." In the next email to anyone who bought it in the last six months. On the pack, if you can.

02 **Show the unit price**

Price per ounce, per serving or per count, for both sizes during the change.

03 **Fix the subscription cadence**

If the pack is smaller, the interval should be shorter, and subscribers should be told before the first smaller box.

04 **Better: make it a tier**

Launch the smaller pack as a new Good tier at a lower price and keep the original (chapter 7). The customer chooses, and nobody's reference is quietly moved.

Do this

- **List every size, count or formula change in the last two years.** Any that wasn't disclosed gets a note on the product page now; any planned change gets the four steps above.

PART FOUR · THE QUIET WAY · CHAPTER 12

TARIFFS ARE A REASON, NOT A PLAN

The 2025 and 2026 tariff changes gave every importer a cost customers had read about. They don't tell you how much to raise, on what, or how often.

For importers, the last eighteen months were a lesson in pricing against a moving cost. The lesson: pass through a share, not the rate; price for the cost you can see a year out; and don't reprice every time Washington does.

What changed, with dates

DATE	WHAT HAPPENED
August 29, 2025	Duty-free entry for parcels of $800 or less suspended for all countries; a June 2026 CBP rule continued it indefinitely for non-postal shipments.
February 20, 2026	The Supreme Court ruled 6–3 in Learning Resources v. Trump that the emergency powers law behind the 2025 tariffs doesn't authorize tariffs.
February 24 to July 23, 2026	A temporary 10% tariff on imports under Section 122 of the Trade Act of 1974, limited by law to 150 days.
Spring 2026	Customs set up a refund claim system for the struck-down duties: about $165 billion, over 330,000 importers.
July 24, 2026	Section 301 tariffs of 10% to 12.5% on 60 economies replaced it, with exemptions including Section 232 goods and qualifying free trade goods. Chinese goods already under the 25% Section 301 tariff: 37.5%.

FILED Supreme Court opinion, Learning Resources, Inc. v. Trump, No. 24-1287, February 20, 2026; CBP interim final rule, Federal Register, June 24, 2026. **REPORTED** Skadden on the refund process, March 24, 2026; Honigman on the Section 301 tariffs, July 24, 2026. Rates change often; check the current schedule before you price.

How much sellers passed on

Alberto Cavallo and colleagues at Harvard's Pricing Lab, tracking about 360,000 products at five large US retailers, estimated consumers bore 43% of the tariff cost in the first seven months **REPORTED** . Mary Amiti, Sebastian Heise and David Weinstein, in a July 2026 NBER working paper, estimated about 26% of the tariff increase reached consumer prices, and found the indirect part, through domestic makers' costs and markups, took nine to twelve months to arrive **REPORTED** . Economists at the Minneapolis Fed found the pass-through arriving late: clothing and footwear inflation rose from 0.3% a year in December 2025 to 3.5% in July 2026 **REPORTED** .

Methods differ, so take the lesson, not a number: sellers passed on less than the full tariff and spread it over time. That's also what customers call fair (chapter 5).

Size the rise to your cost, not the headline

A tariff applies to the customs value, not your retail price. Say a product sells for $40 with a customs value of $10. A 12.5% duty adds $1.25, 3.1% of the price. Raising the price 12.5% would be a rise four times the cost. Put the duty per unit into landed cost and the break-even tool in chapter 3.

> **Pass through a share of the cost, once, on the SKUs it hit. Not the tariff rate, every time it moves.**

Four rules for a moving cost

01 **Price for the year, not the week**

Price for the landed cost you expect over twelve months and hold it. Each change is a new notice to subscribers and a new reason to compare. Netflix in 2011: “We are done with pricing changes” (chapter 13).

02 **Raise where the cost rose**

A rise on the SKUs a tariff hit has a reason. A catalog-wide rise blamed on tariffs, including products made at home, doesn’t.

03 **Put it in the price**

Don’t add a “tariff surcharge” at checkout. California’s honest pricing law, in force since July 1, 2024, requires the advertised price to include every mandatory fee except government taxes and reasonable shipping `PUBLISHED` . A duty you pay as importer isn’t obviously a tax on your customer, so don’t count on that exception. The FTC’s fee rule, effective May 12, 2025, covers only live-event tickets and short-term lodging `PUBLISHED` ; its general ban on deception covers everyone. Have counsel review any separate line.

04 **Decide now what you’ll do with a refund**

If you paid the struck-down duties, you may be owed a refund. If you told customers “because of tariffs,” a visible gesture back keeps the reason honest.

Do this

- **Build a one-page duty sheet:** each imported SKU's customs value, origin, duty rate, duty per unit and duty as a share of retail price. Size each rise from it and the break-even tool, and hold the new prices for at least two quarters.

PART FIVE · SAYING IT AND READING IT · CHAPTER 13

SAYING IT

A price rise announcement has one reader who matters: the customer who knows the old price. Tell them first, in dollars, with the reason and what you're doing for them.

Netflix's 2011 announcement is the classic bad one, and it was bad less for the price than for who heard it and how.

A case: Netflix, 2011

In July 2011 Netflix split its DVD-by-mail and streaming plans. For customers who wanted both, the cheapest bill "jumped from $10 to $16 a month." In September it announced it would move DVDs to a separate service called Qwikster, then dropped the idea in October. In the third quarter Netflix lost 800,000 US subscribers, falling from 24.6 million to 23.8 million, and its shares fell 27% in after-hours trading on the day it reported REPORTED .

Its letter to shareholders named the problem precisely: many long-term members "felt shocked by the pricing changes," and more of them canceled than Netflix expected. It added: "We've hurt our hard-earned reputation, and stalled our domestic growth," and "we

are done with pricing changes.” Dropping Qwikster, Reed Hastings had already admitted to “moving too fast” REPORTED .

REPORTED CNN Money, October 24, 2011, quoting Netflix’s third-quarter letter to shareholders and Hastings’ October 10 statement.

Read it against the earlier chapters. The rise was 60% for customers who wanted both services, far beyond any cost they could see (chapter 5). The people who left were long-term members, the ones with a reference price (chapter 4). And a second change came on top of the first. Netflix went on to grow for another decade, but that quarter shows what a careless announcement costs.

> **Customers forgive a price. They don’t forgive a surprise.**

What a good announcement says

01 **The new price, in dollars**

“Our 60-count bottle goes from $40 to $43 on October 15.” Percentages make people do math.

02 **The reason, in one sentence**

Name the cost that rose (chapter 5). If you absorbed part of it, say how much.

03 **What you’re doing for them**

The stock-up window, the grandfather period and its end date, price protection. This makes it a letter, not a notice.

04 **How to change or cancel**

For subscribers, a plain link to skip, change or cancel; California requires how to cancel in a fee-change notice PUBLISHED . For everyone, a real reply-to address.

05 **From a person**

Signed by the founder or whoever customers know. Short.

What it doesn’t say

- “New pricing structure,” “adjustment,” “to continue delivering value”: a rise ashamed of itself.
- Anything about demand, competitors or “the market.”
- A per-day number without the full price beside it (chapter 7).
- A second change bundled in. One change per announcement.

Where and when

Email subscribers inside your notice window, with SMS for those who’ve agreed to it. Email recent and repeat buyers a week or two before the date. No site banner: new visitors see one price. Put the reason and protection policy on an FAQ page. Templates are in Appendix B.

Brief support first

Support needs the new prices, the reason, the dates, the stock-up and protection rules, and authority to give a one-time courtesy, such as the old price on one order. Read every price-related ticket for two weeks: they’re the earliest signal of whether the story is landing.

Do this

- **Write the subscriber notice and repeat-buyer email** from the templates. Read them to someone outside the company. If they ask “so is it going up or not?”, rewrite.

PART FIVE · SAYING IT AND READING IT · CHAPTER 14

THE PRICE RISE SCORECARD

Judge the rise on whether the customers who saw it kept buying, at 90 and 180 days, against a comparison. Conversion rate is a guardrail, not a verdict.

The week after a rise, someone will read the conversion rate and declare victory or defeat. Both are premature. New visitors have no reference price. The stock-up window moves orders around the date. And customers who leave over price just don't come back: in Anderson and Simester's experiment the lost orders showed up over 28 months PUBLISHED .

Build the comparison first

You need something to compare with, decided before the rise. Three workable options, best first:

- **Staggered SKUs.** Raise one group of SKUs now and a similar group a quarter later. Until the second group moves, it's your comparison.
- **Last year's cohort.** Customers active in the 90 days before the rise, against customers active in the same 90 days a year earlier, followed for the same number of days. It controls for season, not for everything else.
- **Affected against unaffected buyers.** Customers whose usual products went up against customers whose usual products didn't. Useful when only part of the catalog moves.

Randomly holding some customers at old prices gives the cleanest answer, and creates what chapter 9 warns about: two customers paying different prices. If you do it, keep the group small, give it an end date, and have counsel review it. The Honest Test covers price tests.

The page

NUMBER	DEFINED AS	WHEN	WHAT IT CATCHES
Volume against break-even	Units per SKU, four-week average after the stock-up window, against break-even (chapter 3)	Weekly	A rise losing more than it can afford
Contribution per SKU	Monthly contribution against the same months before	Monthly	Whether the rise earns what it should
90-day repeat rate	Share of customers active before the rise who reordered within 90 days, against the comparison	Day 90	The early read on existing customers
180-day repeat rate	The same, at 180 days	Day 180	The verdict
Subscriber survival	Share active through the first two renewals at the new price	Each renewal	Subscribers leaving quietly
Price cancellations and tickets	Cancellations and tickets citing price, per 1,000 orders	Weekly	A story that isn't landing
Tier mix	Share of orders in each tier	Weekly	Buyers sliding down the ladder (chapter 7)
New-customer conversion and first-order value	Against the four weeks before	Weekly	A guardrail on acquisition, not the verdict

> **Conversion tells you how strangers took the price. Retention tells you how your customers took the rise.**

Reading it

At 90 days, compare each SKU's volume loss with its break-even and the repeat rate with the comparison. Volume loss well inside break-even and a repeat rate close to the comparison is a rise that worked; confirm it at 180 days. If repeat rate falls further behind than the break-

even allows, the fix is usually in chapter 9 or chapter 10, not a price cut. Rerun the tool in chapter 8 with the loss you saw before the next rise.

Do this

- **Before the rise, choose the comparison and save the baseline:** customers active in the 90 days before, and last year's equivalent group. Put the day-90 and day-180 reads on the calendar with an owner (queries in Appendix A).

PART FIVE · SAYING IT AND READING IT · CHAPTER 15

THE FIRST THIRTY DAYS

The math, then the plan, then the customers, then the switch. Four weeks, in that order.

A price rise done well takes about a month, most of it spent on the people who already buy from you.

01 **Week one: the math**

Contribution per unit for every SKU above a tenth of revenue, with this month's landed cost and the duty sheet (chapter 12). Break-even volume per SKU (chapter 3). Sort SKUs by how well customers know their prices (chapter 6). Fill in the loyalty tax table (chapter 9).

02 **Week two: the plan**

Set each SKU's rise, and decide where a tier does the job better (chapter 7). Write the reason in one sentence (chapter 5). Decide grandfathering and its end date with the tool (chapter 8). Write the price protection policy (chapter 10). Choose the comparison and save the baseline (chapter 14). Send the subscriber notice to counsel.

03 **Week three: the customers**

Fix the loyalty tax rows where a stranger wins. Brief support. Send subscriber notices inside your strictest notice window. Email recent and repeat buyers with the stock-up window. Disclose any pack changes on the product pages (chapter 11).

04 **Week four: the switch**

Change the prices on the date. Check every place a price appears: product pages, collection pages, bundles, subscription plans, marketplace listings, ads and email flows. Read every price-related ticket. Start the weekly scorecard.

At day thirty you'll know early volume against break-even and what customers are saying. The answer comes at day 90 and day 180.

> **Customers first, then the site. Math before both.**

Do this

- **Put the four weeks on the calendar today,** with an owner for each line, and the day-90 and day-180 reads at the end. If the same person owns pricing, email and support, give them this guide.

CLOSE

DAY ONE

Six things whoever owns the price rise needs on the first day.

Whoever runs the rise, a finance lead, a retention lead, or you on the Monday you decide, needs six things on day one. Without them, the first two weeks go on finding numbers that should have been handed over.

01 **Contribution per unit, by SKU**

From finance, with landed cost including duty, fulfillment, shipping, fees and average discount.

02 **The duty sheet**

Customs value, origin and current duty rate for every imported SKU, from whoever handles your customs broker.

03 **Every live offer**

All discount codes, automations, pop-ups, marketplace prices and subscription discounts, with who can see each.

04 **The subscriber list and terms**

How many subscribers on each plan and price, which states they're in, and what your billing platform does to existing contracts when a price changes.

05 **The last price change**

What changed, when, how it was announced and what happened to volume and repeat purchase afterward. Gaps are findings.

06 **Counsel's time**

A named person who will review the subscriber notice, any pack change and any separate fee line before it goes out.

Do this

- **Ask for all six in one message** today. Whatever comes back slowest is where the rise is most likely to go wrong.

CLOSE

THE SHELF

The books and papers this guide leans on, and what to take from each.

The Strategy and Tactics of Pricing

Thomas Nagle and Georg Müller, sixth edition, 2017

The standard text. Take the break-even sales analysis and the chapter on price fences; the rest is for when pricing becomes someone's full-time job.

The Price Advantage

Walter Baker, Michael Marn and Craig Zawada, second edition, 2010

From the McKinsey team behind the 1% figure. Read it for where margin leaks between list price and what a customer actually pays.

The Art of Pricing

Rafi Mohammed, 2005

A practical case for offering several versions at several prices instead of one price for everyone. The best short argument for chapter 7.

Misbehaving

`Richard Thaler, 2015`

Thaler's own account of the fairness surveys in chapter 5, and why a price that's right on paper can still feel wrong.

Confessions of the Pricing Man

`Hermann Simon, 2015`

Decades of pricing work told as stories. Useful for its insistence that price is a strategy, not a spreadsheet cell.

Smart Pricing

`Jagmohan Raju and Z. John Zhang, 2010`

Pricing models beyond the list price, from pay-what-you-want to subscriptions. Good for widening the menu before you raise the price.

And the papers to read first: Anderson and Simester (2010) on customer antagonism, Kahneman, Knetsch and Thaler (1986) on fairness, and Evangelidis (2024) on shrinkflation. Full references are in Appendix C.

CLOSE

ABOUT THE AUTHOR

Andrew Lauchner is a growth and retention operator for consumer brands and the author of sixteen free books on the method. He fixes the second-purchase problem through his practice, Growth Legend, as one engagement: The Second-Purchase Sprint. He is the

author of The Second Order, on turning first-time buyers into second-time buyers, and The Whole Machine, on the fundamentals of DTC growth, along with a series of field guides for DTC operators at andrewlauchner.com.

As Senior Director of Growth and Retention Marketing at Gallery Furniture, he rebuilt the customer journey and the sales playbooks together. He has worked on growth and retention at Binance and 3Commas, and has been Head of Growth and Retention at Greatness Wins and at Nexus Agriscience.

WHAT COLLEAGUES SAY

“Andrew led retention, lifecycle, and email/SMS, but what separates him from most in this space is how deeply he understands the role retention plays in the overall growth engine.”

Akram Khan, Head of Marketing at Gallery Furniture, senior to Andrew but didn’t manage Andrew directly

Andrew answers every note from operators working on this. Write to andrew@growthlegend.com or message him on LinkedIn.

APPENDIX A

FOR YOUR ANALYST

The formulas behind the three tools, and four queries to run before and after a price rise.

The formulas

FOR	FORMULA	NOTES
Break-even volume loss	`r / (m + r)`	r: price rise as a share of today's price. m: contribution margin today. Both as decimals or both as percents.
Break-even elasticity	`−(r / (m + r)) / r = −1 / (m + r)`	If your customers' response is weaker than this, the rise pays.
Contribution change	`U(1 − x)(P(1 + r) − C) − U(P − C)`	U: units. x: volume lost. P: price. C: variable cost per unit.
Grandfather against raise now	$N \cdot o \cdot G \cdot c_0 + N(1 - b) \cdot o \cdot (H - G) \cdot c_1 - N(1 - a) \cdot o \cdot H \cdot c_1$	N: customers. o: orders per month each. G: grandfather months. H: horizon. c_0, c_1: contribution per order at old and new price. a, b: extra loss if raised now and after G.
Tier mix	$\Sigma\ share_i \times (price_i - cost_i)$	Average contribution per order. The Good share that erases the gain: $(c_{up} - c_{today}) / (c_{up} - c_{good})$, where c_{up} is the share-weighted contribution of Better and Best.

Contribution per unit, by SKU

```
-- last 90 days; sku_costs is a landed-cost table kept by finance
WITH lines AS (
  SELECT l.sku,
         SUM(l.quantity)                                    AS units,
         SUM(l.quantity * l.price - l.discount)             AS net_revenue,
         SUM(l.quantity * (c.landed_cost + c.fulfillment_cost + c.packaging_cost)) AS uni
         SUM((o.shipping_cost - o.shipping_charged + o.payment_fee)
             * (l.quantity * l.price - l.discount)
             / NULLIF(o.subtotal, 0))                       AS allocated_order_costs
  FROM order_lines l
  JOIN orders o     ON o.id = l.order_id
```

```
  JOIN sku_costs c  ON c.sku = l.sku
  WHERE o.created_at >= CURRENT_DATE - INTERVAL '90 days'
  GROUP BY l.sku
)
SELECT sku, units,
       net_revenue / units                                          AS avg_price,
       (net_revenue - unit_costs - allocated_order_costs) / units   AS contribution_per_u
       (net_revenue - unit_costs - allocated_order_costs) / net_revenue AS contribution_m
FROM lines
ORDER BY net_revenue DESC;
```

Order-level costs are shared across lines by revenue, an approximation; use it consistently. The margin column is m in the break-even formula.

Volume against break-even

```
-- weekly units per SKU, 12 weeks before and after the rise
-- :rise_date and the SKU list come from the plan
SELECT l.sku,
       DATE_TRUNC('week', o.created_at)          AS week,
       SUM(l.quantity)                           AS units,
       (o.created_at >= :rise_date)              AS after_rise
FROM order_lines l
JOIN orders o ON o.id = l.order_id
WHERE o.created_at BETWEEN :rise_date - INTERVAL '12 weeks'
                       AND :rise_date + INTERVAL '12 weeks'
  AND l.sku IN (:raised_skus)
GROUP BY 1, 2, 4
ORDER BY 1, 2;
```

Leave out the stock-up weeks, compare four-week averages against each SKU’s break-even, and do the same for SKUs you didn’t raise.

Repeat rate at 90 and 180 days

```
-- customers active in the 90 days before the rise, and the same window a year earlier
WITH base AS (
  SELECT customer_id, 'this_year' AS cohort, :rise_date AS start_date
  FROM orders
  WHERE created_at >= :rise_date - INTERVAL '90 days' AND created_at < :rise_date
  GROUP BY customer_id
```

```
  UNION ALL
  SELECT customer_id, 'last_year', :rise_date - INTERVAL '1 year'
  FROM orders
  WHERE created_at >= :rise_date - INTERVAL '1 year' - INTERVAL '90 days'
    AND created_at <  :rise_date - INTERVAL '1 year'
  GROUP BY customer_id
)
SELECT b.cohort,
       COUNT(*)                                                              AS customers,
       AVG(CASE WHEN EXISTS (SELECT 1 FROM orders o WHERE o.customer_id = b.customer_id
             AND o.created_at >= b.start_date
             AND o.created_at <  b.start_date + INTERVAL '90 days')  THEN 1 ELSE 0 END) AS
       AVG(CASE WHEN EXISTS (SELECT 1 FROM orders o WHERE o.customer_id = b.customer_id
             AND o.created_at >= b.start_date
             AND o.created_at <  b.start_date + INTERVAL '180 days') THEN 1 ELSE 0 END) AS
FROM base b
GROUP BY b.cohort;
```

Read the first column at day 90 and the second at day 180. If the stock-up window pulled orders forward, count from the day after it closes, for both cohorts.

The loyalty tax: discount depth by customer type

```
-- average discount as a share of list, first orders against repeat orders, last 90 days
SELECT CASE WHEN o.customer_order_number = 1 THEN 'first order' ELSE 'repeat order' END AS
       COUNT(DISTINCT o.id)                                        AS orders,
       SUM(l.discount) / NULLIF(SUM(l.quantity * l.price), 0)      AS discount_share,
       AVG(CASE WHEN o.discount_code IS NOT NULL THEN 1 ELSE 0 END) AS share_with_code
FROM orders o
JOIN order_lines l ON l.order_id = o.id
WHERE o.created_at >= CURRENT_DATE - INTERVAL '90 days'
GROUP BY 1;
```

Deeper first-order discounts are expected. Look for repeat customers using public codes meant for strangers, and, grouping by `l.sku` too, repeat orders at a worse effective price than first orders.

APPENDIX B

TEMPLATES

Notices, emails, texts and policies. Replace everything in braces, and have counsel review the subscriber notice for your states.

The price rise brief (internal)

```
SKUS AND RISES      sku: old price -> new price (break-even loss %)
REASON              one sentence, naming the cost:
WHAT WE ABSORBED    $ or % of the cost we're not passing on:
TIERS               any new Good / Best versions instead of a rise:
SUBSCRIBERS         notice date(s) inside each state's window;
                    grandfather: yes/no, end date:
REPEAT BUYERS       email date; stock-up window from ... to ...;
                    quantity cap:
LOYALTY TAX FIXES   rows from the table fixed before the date:
PRICE PROTECTION    window, refund or credit, where it's shown:
COMPARISON          staggered SKUs / last year's cohort / affected
                    vs unaffected; baseline saved on:
READS               day 90: ...  day 180: ...  owner:
COUNSEL REVIEWED    notice, pack changes, fee lines: date / name
```

Subscriber notice (email)

```
SUBJECT   A Price Change for Your {Product} Subscription
PREVIEW   what's changing on {date}, and what stays the same

Hi {first_name},
```

```
On {date}, the price of your {product} subscription will go from
${old} to ${new} per {delivery}. Your next charge at the new price
will be on {first_new_charge_date}.

Why: {one sentence naming the cost, e.g. "the duty on the bottles
we import rose to 12.5% in July."} We're absorbing {part} of that
ourselves.

{If grandfathering:} Because you've been with us {since/for ...},
your price stays at ${old} until {end_date}.

Nothing else changes: same product, same schedule. You can skip,
change your delivery date or product, or cancel anytime here:
{manage_link}. If you have questions, reply to this email and
{name} will answer.

{Name}, {title}
{Brand} · {postal address}
This is a service message about your subscription.
Manage your subscription: {manage_link}
Email preferences or unsubscribe from marketing: {unsubscribe_link}
```

Repeat buyer notice with stock-up window (email)

```
SUBJECT   Our Prices Change on {Date}. Here's Your Heads-Up
PREVIEW   you can still order at today's price until {date}

Hi {first_name},

You've ordered {product} from us before, so you're hearing this
before anyone else: on {date}, {product} goes from ${old} to ${new}.

Why: {one sentence naming the cost}.

Until {date}, you can order at today's price. {Limit: up to
{n} per order.} [Order at ${old}]

And if we ever lower the price of something within {window} days
of your order, we'll refund the difference. Just reply to your
order email.

{Name}
{Brand} · {postal address}
You're receiving this because you bought from {Brand}.
Unsubscribe: {unsubscribe_link}
```

Subscriber notice (SMS, for subscribers who’ve agreed to texts)

```
{Brand}: Hi {first_name}, on {date} your {product} subscription
goes from ${old} to ${new} because {short reason}. Skip, change
or cancel anytime: {link}. Reply STOP to opt out
```

Price protection policy

```
PRICE PROTECTION
If we lower the price of an item within {14/30} days of your
order, we'll refund the difference to your original payment
method {or: as store credit, if you prefer}. Reply to your order
confirmation or email {support_email} with your order number.
This applies to our own prices on {brand}.com, including sales.
It doesn't apply to {clearance items marked final sale}.
```

Support macro: “Why did the price go up?”

```
Thanks for asking, {first_name}. {Product} went from ${old} to
${new} on {date} because {reason}. We absorbed {part} of it and
passed on the rest.

{If they missed the window:} Since you're a regular, I've
{applied your last price to this order / added a ${x} credit}.
That's a one-time courtesy.

{If a subscriber:} You can skip, change or cancel anytime here:
{manage_link}.
```

Pack change disclosure

```
PRODUCT PAGE, NEXT TO THE PRICE
Now {new size} (was {old size}). Price per {unit}: ${new_unit}
(was ${old_unit}). Why we changed it: {one sentence}.

EMAIL LINE TO RECENT BUYERS
```

```
A heads-up: your next {product} will be {new size}, down from
{old size}, at the same ${price}. {If subscriber: We've moved
your delivery to every {n} days so you won't run short.}
```

APPENDIX C

SOURCES

Every external source, by chapter. Web sources were read in September 2026.

The math (chapters 2 and 3)

- Michael V. Marn and Robert L. Rosiello. “Managing Price, Gaining Profit.” Harvard Business Review, September–October 1992. Full text.
- Michael V. Marn, Eric V. Roegner and Craig C. Zawada. “The power of pricing.” McKinsey Quarterly, February 2003.
- Tammo H. A. Bijmolt, Harald J. van Heerde and Rik G. M. Pieters. “New Empirical Generalizations on the Determinants of Price Elasticity.” Journal of Marketing Research 42(2), 2005.
- Thomas Nagle and Georg Müller. The Strategy and Tactics of Pricing: A Guide to Growing More Profitably. Sixth edition, Routledge, 2017.

Existing customers (chapters 4 and 10)

- Eric T. Anderson and Duncan I. Simester. “Price Stickiness and Customer Antagonism.” Quarterly Journal of Economics 125(2), 2010, 729–765. MIT open access; Kellogg summary.
- Best Buy. Price Match Guarantee, read September 2026.

Fairness (chapter 5)

- Daniel Kahneman, Jack L. Knetsch and Richard Thaler. “Fairness as a Constraint on Profit Seeking: Entitlements in the Market.” American Economic Review 76(4), 1986, 728–741.
- Farid Tarrahi, Martin Eisend and Florian Dost. “A meta-analysis of price change fairness perceptions.” International Journal of Research in Marketing 33(1), 2016, 199–203.

Which prices, tiers and framing (chapters 6 and 7)

- Peter R. Dickson and Alan G. Sawyer. “The Price Knowledge and Search of Supermarket Shoppers.” Journal of Marketing 54(3), 1990.
- Reuters, via BNN Bloomberg. “Procter & Gamble hikes U.S. prices amid tariff challenges, CEO change.” July 29, 2025.
- Itamar Simonson. “Choice Based on Reasons: The Case of Attraction and Compromise Effects.” Journal of Consumer Research 16(2), 1989, 158–174.
- Shane Frederick, Leonard Lee and Ernest Baskin. “The Limits of Attraction.” Journal of Marketing Research 51(4), 2014.
- John T. Gourville. “Pennies-a-Day: The Effect of Temporal Reframing on Transaction Evaluation.” Journal of Consumer Research 24(4), 1998, 395–408.
- John T. Gourville. “The Effects of Monetary Magnitude and Level of Aggregation on the Temporal Framing of Price.” Marketing Letters 14, 2003, 125–135.

Notice and grandfathering (chapter 8)

- California Business and Professions Code § 17602, as amended by AB 2863 (Stats. 2024, ch. 515), subdivision (g), applying from July 1, 2025.
- New York General Business Law § 527-a, as amended in 2025.

The loyalty tax (chapter 9)

- Competition and Markets Authority. Loyalty penalty super-complaint, filed by Citizens Advice September 28, 2018; CMA response December 19, 2018.
- Financial Conduct Authority. “FCA confirms measures to protect customers from loyalty penalty in home and motor insurance markets.” May 28, 2021.

Shrinkflation (chapter 11)

- John T. Gourville and Jonathan J. Koehler. “Downsizing Price Increases: A Greater Sensitivity to Price than Quantity in Consumer Markets.” Harvard Business School working paper, 2004. Manda Mahoney, “How to Avoid a Price Increase,” HBS Working Knowledge, June 28, 2004.

- Metin Çakır and Joseph V. Balagtas. “Consumer Response to Package Downsizing: Evidence from the Chicago Ice Cream Market.” Journal of Retailing 90(1), 2014, 1–12.
- Ioannis Evangelidis. “Frontiers: Shrinkflation Aversion: When and Why Product Size Decreases Are Seen as More Unfair than Equivalent Price Increases.” Marketing Science 43(2), 2024, 280–288.
- Aljoscha Janssen and Johannes Kasinger. “Shrinkflation and Consumer Demand.” Marketing Science 45(1), 2026, 142–158.
- US Government Accountability Office. “Consumer Prices: Trends and Policy Options Related to Shrinking Product Sizes,” GAO-25-107451, July 31, 2025.
- Bird & Bird. “Shrinkflation in France: New Obligation to Inform Consumers,” 2024, on the Order of April 16, 2024 as amended June 28, 2024.
- Reuters, via GMA News. “South Korea to slap fines on food suppliers for ‘shrinkflation’.” May 4, 2024.
- Schoenherr. “Spotlight on shrinkflation: Austria’s Anti-Deceptive Packaging Law now in effect.” April 9, 2026.
- National Law Review. “Connecticut’s Proposed Shrinkflation Disclosure Law” (HB 6856), 2025.

Tariffs and fees (chapter 12)

- Supreme Court of the United States. Learning Resources, Inc. v. Trump, No. 24-1287, February 20, 2026.
- US Customs and Border Protection. Suspension of duty-free de minimis treatment, fact sheet, August 2025; interim final rule, Federal Register, June 24, 2026.
- Skadden. “Tariff Refund Mechanism Takes Shape After Supreme Court’s IEEPA Ruling.” March 24, 2026.
- Honigman. “Section 122 Tariffs Expire for Many Imports, But New Section 301 Forced-Labor Tariffs on 60 Economies Replace Them, Effective July 24, 2026.” July 24, 2026.
- Alberto Cavallo, Paola Llamas and Franco Vazquez, HBS Pricing Lab tariff tracker, reported in “Tariffs Leave Consumers and Companies Splitting the Tab,” HBS Working Knowledge, April 27, 2026.
- Mary Amiti, Sebastian Heise and David Weinstein. “The Anatomy of Tariff Pass-through into Consumer Prices.” NBER Working Paper 35561, July 2026.
- Neil Mehrotra and Michael E. Waugh. “Initially delayed, the pass-through of tariffs to consumer prices has arrived.” Federal Reserve Bank of Minneapolis, August 28, 2026.
- California Attorney General. SB 478, the Honest Pricing Law, effective July 1, 2024.
- Federal Trade Commission. Rule on Unfair or Deceptive Fees: frequently asked questions, 16 C.F.R. Part 464, effective May 12, 2025.

Saying it (chapter 13)

- CNN Money. “Netflix earnings: 800,000 U.S. subscribers lost in Q3.” October 24, 2011, quoting Netflix’s third-quarter 2011 letter to shareholders.

Filed figures come from court decisions and regulator rules and orders, as of the dates given. Published figures come from peer-reviewed research, books and articles by the researchers themselves, statutes and official regulator publications, as of the dates given. Reported figures come from named outlets, research firms, law firms and companies; company policies are the company’s own statements. Derived figures are my arithmetic on stated inputs, with the inputs shown. Examples that open with Say or Picture use made-up round numbers. Tariff rates, auto-renewal notice rules, pricing disclosure and consumer-protection law vary by state and country and change often; have counsel review your notices, pack changes and any price tests. None of this is legal or financial advice.

Privacy