

FREE GUIDE — NIGERIAN BUSINESS OWNERS

10 Pricing Mistakes That Are Costing Nigerian Businesses Millions

A straight-talking breakdown of the pricing errors quietly draining profit from small businesses across Nigeria — and exactly how to fix each one.

Before We Start...

Most Nigerian business owners aren't struggling because they aren't selling enough. They're struggling because what they're selling isn't priced to actually make them money.

Every day, sellers across fashion, food, skincare, and services are unknowingly working for free — or worse, paying customers to take their products. It's not because they're bad at business. It's because nobody ever taught them how to price correctly.

This guide breaks down the 10 most common pricing mistakes — and gives you a simple fix for each one.

By the end, you'll know exactly what to check in your own pricing today.

1

Only Counting Material Costs

THE MISTAKE

Most sellers price based only on what raw materials cost — fabric, ingredients, packaging contents — and stop there. Labor, time, transport, and overhead quietly get left out of the equation.

WHY IT COSTS YOU

If materials cost ~~¥~~2,000 and you sell for ~~¥~~3,000, it feels like ~~¥~~1,000 profit. But once you factor in your time, transport to buy supplies, and packaging, that "profit" can shrink to almost nothing — or vanish completely.

The Fix: List every cost involved in getting a product from raw material to the customer's hand — not just what you paid the supplier.

Cost Breakdown	
MATERIALS	Total Unit
3000	PACKAGING 500
SHIPPING	LABOR (N/HR)
1000	2500
HOURS / UNIT	OTHER COSTS
2	300

Full cost breakdown by category

Cost Breakdown	
MATERIALS	Total Unit
3000	PACKAGING 500
SHIPPING	LABOR (N/HR)
1000	2500
HOURS / UNIT	OTHER COSTS
2	300

True Price Calculator — every cost category accounted for, not just materials

2

Copying Competitor Prices Blindly

THE MISTAKE

Checking what others charge is smart. Copying it without knowing your own costs is dangerous — especially if your competitor buys in bulk, has lower rent, or is quietly running at a loss too.

WHY IT COSTS YOU

Their price might work for their cost structure. If yours is different, matching their price could mean you're selling below your own break-even point without realizing it.

The Fix: Use competitor pricing as a reference point, not a rulebook. Always confirm your own numbers work before matching anyone else's price.

PRODUCT NAME

Handmade Leather tote bag

CURRENT PRICE (OPTIONAL)

8000

TARGET MARGIN (%)

-5 +5 40%

Current price + target margin fields

RECOMMENDED SELLING PRICE

¥16,333.33

Optimized for 40% margin after all fees

Your own number — calculated from your real costs, not someone else's price

3

Ignoring Your Own Time

THE MISTAKE

Many business owners don't pay themselves a wage in their pricing. Hours spent making, packaging, or delivering a product are treated as "free" simply because no cash physically left their pocket.

WHY IT COSTS YOU

Time is a real cost. If you spend 3 hours making a product and only profit ₦500 after materials, you may be earning far below minimum wage without knowing it.

The Fix: Assign yourself an hourly rate — even a modest one — and add it into your cost calculation like any other expense.

Cost Breakdown

MATERIALS	Total Unit ▾	PACKAGING
3000		500
SHIPPING		LABOR (₦/HR)
1000		2500
HOURS / UNIT		OTHER COSTS
2		300

Labor rate and hours per unit fields

Adaeze's Full Cost Breakdown — Leather Tote		
COST ITEM	DETAILS	AMOUNT
Materials	Leather, thread, rivets, lining	₦3,000
Packaging	Dust bag, tissue, branded box	₦500
Shipping	GIG Logistics per delivery	₦1,000
Labor	₦2,500/hr × 2 hours	₦5,000
Other Costs	Electricity, tool wear	₦300
Total Cost per Unit		₦9,800

Labor priced at ₦2,500/hr × 2 hours = ₦5,000 — a real cost, not free work

4

Forgetting Platform & Transaction Fees

THE MISTAKE

Selling through Instagram ads, delivery apps, POS terminals, or online checkout pages all come with fees — usually 1.5% to 10% per transaction. Many sellers price as if they'll receive 100% of the sale.

WHY IT COSTS YOU

On a ~~¥~~10,000 sale with a 5% fee, you silently lose ~~¥~~500 — repeated across hundreds of sales, that's real money disappearing without a trace.

The Fix: Always build platform and payment fees into your price, not as an afterthought subtracted from profit later.

Fees & Sales	
PROCESSING %	MARKETPLACE %
	0
EST. UNITS/MO	FIXED EXP/MO
20	0

Processing and marketplace fee fields

Fees & Sales	
PROCESSING %	MARKETPLACE %
	0
EST. UNITS/MO	FIXED EXP/MO
20	0

Processing and marketplace fees built directly into the price calculation

5

Underestimating Waste & Spoilage

THE MISTAKE

Food businesses especially face this — ingredients spoil, batches fail, mistakes happen. Most pricing assumes every unit of material becomes a perfect sellable product.

WHY IT COSTS YOU

If 1 in 10 batches is unusable due to spoilage or error, that loss needs to be spread across your successful sales — otherwise you're absorbing it as a hidden cost.

The Fix: Track your waste/failure rate over a month, then add a small buffer percentage into your pricing to cover it.

Adaeze's Full Cost Breakdown — Leather Tote

COST ITEM	DETAILS	AMOUNT
Materials	Leather, thread, rivets, lining	₦3,000
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Labor	₦2,500/hr × 2 hours	₦5,000
Other Costs	Electricity, tool wear	₦300
Total Cost per Unit		₦9,800

Full itemized cost breakdown table

Cost Breakdown

MATERIALS	Total Unit ▾	PACKAGING
3000		500
SHIPPING		LABOR (₦/HR)
1000		2500
HOURS / UNIT		OTHER COSTS
2		300

"Other Costs" field captures waste, spoilage, and everything easy to forget

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Discounting Without Doing the Math

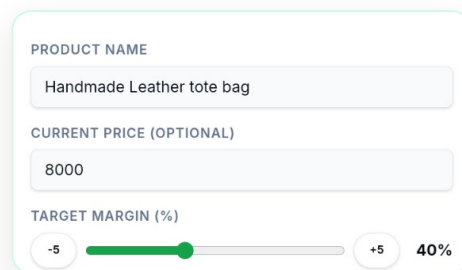
THE MISTAKE

"10% off" sounds harmless, but many sellers offer discounts based on gut feeling rather than checking whether the discounted price still covers costs and leaves a profit.

WHY IT COSTS YOU

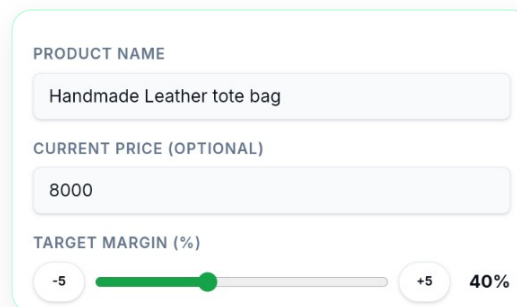
If your margin is already thin, a 10-20% discount can push you into a loss on that specific sale — especially during festive promotions when volume is high.

The Fix: Calculate your break-even price first. Never discount below that number, no matter how good the promotion looks on paper.



A digital interface for setting a target margin. It features three input fields: 'PRODUCT NAME' with the text 'Handmade Leather tote bag', 'CURRENT PRICE (OPTIONAL)' with the value '8000', and 'TARGET MARGIN (%)'. The target margin is visualized as a horizontal slider with a green bar extending from the left. The slider has circular endpoints labeled '-5' and '+5', and the current value '40%' is displayed on the right.

Target margin slider



A second instance of the target margin slider interface, identical to the one above. It shows the same product name, current price, and a target margin of 40% set on the slider.

Target margin set deliberately — not guessed — before any discount is applied

7

Pricing the Same Year-Round

THE MISTAKE

Costs change — fuel prices, exchange rates, ingredient costs, transport fares — but many businesses set a price once and rarely revisit it, even as expenses quietly rise.

WHY IT COSTS YOU

A price that was profitable a year ago may now barely break even, simply because underlying costs have crept upward while your price stayed frozen.

The Fix: Review your pricing every 2-3 months, especially after any noticeable rise in fuel, transport, or material costs.

Fees & Sales

PROCESSING %

MARKETPLACE %

0

EST. UNITS/MO

20

FIXED EXP/MO

0

Fixed monthly expenses field

8

Charging the Same Price for Every Customer Type

THE MISTAKE

Wholesale buyers, retail customers, and rush/custom orders all cost you differently to serve — yet many businesses use one flat price regardless of order size or urgency.

WHY IT COSTS YOU

A large wholesale order might deserve a lower per-unit price due to volume efficiency, while a same-day rush order should cost more due to the pressure and reduced planning time — treating them the same leaves money on the table either way.

The Fix: Create simple pricing tiers — standard, wholesale, and rush/custom — each reflecting the real cost and effort involved.

Fees & Sales

PROCESSING %	MARKETPLACE %
	0
EST. UNITS/MO	FIXED EXP/MO
20	0

Estimated units per month field

9

Confusing Revenue With Profit

THE MISTAKE

Making ₦500,000 in sales in a month feels like success — but if ₦480,000 of that went to costs, the real profit is only ₦20,000. Many business owners track sales totals but never separate out true profit.

WHY IT COSTS YOU

Without knowing your real profit margin, you can't tell if growing your sales is actually growing your income — or just growing your workload for the same (or less) take-home money.

The Fix: Track profit margin (%) per sale, not just total revenue. It reveals the real health of your pricing.

⚠ Underpricing Alert

Adaeze was charging ₦8,000 per bag. Her true cost is ₦9,800. She was losing ₦1,800 on every single

Underpricing alert showing real loss per sale

10

Never Calculating Your Break-Even Point

THE MISTAKE

Most sellers don't know exactly how many units they need to sell each month just to cover their costs — so they have no clear target, and no early warning when sales are dangerously low.

WHY IT COSTS YOU

Without a break-even number, it's easy to keep operating a business that's quietly losing money every month, simply because sales are happening — just not enough of them.

The Fix: Calculate exactly how many units you need to sell monthly to cover all costs. Everything sold beyond that number is real profit.

RECOMMENDED SELLING PRICE

₦16,333.33

Optimized for 40% margin after all fees

Recommended selling price result

Want to Fix All of This in Under 2 Minutes?

Instead of calculating all of this manually, the True Price Calculator does it for you — input your costs, and instantly see your real price, real profit, and break-even point.

Try It Free for 3 Days

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