



Distribution Talks

dual pricing



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Hello DLC, I have a few questions about implementing a dual pricing scheme for some of my clients.

Sure. How can we help you?



DLC

Our company is based in the EU, and we supply personal care products.



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We have a couple of clients who sell our products both online and in physical stores. So far, we have charged the same price regardless of the distribution channel used, but we would like to change that.

So, you would like to charge different wholesale prices to your clients depending on whether the products are distributed in physical stores or online?



DLC

Exactly. They both have physical stores, but struggle with the costs. We would like to help them keep those stores because they provide excellent customer care and offer great visibility for our brands.



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Could we charge lower wholesale prices for the products intended to be sold offline?

Yes. There is room for doing that.



DLC



As you know, suppliers cannot restrict online sales by distributors. However, the current Commission Guidelines allow for dual pricing if it incentivises or rewards investment in online or offline sales channels.

This means you can charge different prices for different sales channels.

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Can the wholesale price for products destined for the online channel be twice the price for products destined to be sold offline?

We would advise some caution here.

The price difference must not prevent the effective use of the internet. This would be the case if the difference in wholesale price makes selling online unprofitable or financially unsustainable.

The price difference should be related to the actual cost differences your client incurs in each channel. We recommend basing your dual pricing scheme on those differences.

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Can I apply a surcharge if my clients sell more than a certain number of units online?

Dual pricing should not be used to limit the quantity of products available for online sale. You should avoid applying such a surcharge or any other measure – direct or indirect – that may have that effect.

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last seen today at 12:10



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One last question. How can I charge the correct price without knowing how much products will be sold online and offline?

You can agree with your clients on an appropriate method to implement dual pricing. For instance, you could adjust the invoicing at the end of the year based on actual sales.



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Thank you so much! This was very helpful.

Happy to help! Good luck with your business.



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