



Utilizing Bundling Strategies to Increase Sales Revenue

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Direct-to-consumer marketing

Direct-to-consumer marketing often involves selling various products that have both high profit margins and low-profit margins. A useful pricing strategy to promote sales of both high-profit margin items and low-profit margin items is to use bundling strategies.

Bundling

Bundling is a useful pricing strategy for complimentary, overstock, or older products. Bundling can result in increased total sales revenue and enable items in inventory that remained unsold to be purchased.

Bundling enables both revenue maximization and quantity maximization by providing extra value to the product the customer really wants, increasing the amount they are willing to spend. Bundling can reduce profit margins because overstocked or older inventory items being sold in the bundle will be at a reduced-price rate to trigger sales of the high-demand product it is being bundled with. However, bundling can easily make up for it by increasing total sales and reducing marketing expenses such as labeling and packaging. On the other end of the spectrum, customers may not want the other item being offered in the bundle but will be content with the purchase option that was offered to them. Bundling can promote customer retention.

Bundling can help simplify marketing, especially if you are producing multiple different products. Bundling enables you to sell multiple products in one single package, reducing potential marketing expenses. Some examples of this are CSA boxes, value-added

product pairings, meal kits, multiple meat cut packages, etc.). By using bundling strategies such as those listed, you can sell items in inventory that have sold at slower rates. A partial cost recovery occurs when you can sell products that would have gone unsold that you have already invested the expenses in to produce. Although the items are being sold at a discount, bundling them allows for you to recover a fraction of the production expenses that were needed for their production.



An assortment of large pumpkins placed together around colorful mums on top of grass.

If implementing bundling within your marketing strategy, ensure the items being offered are complimentary. Consider what your customer base would purchase together. For example, if your customer base is looking to purchase pumpkins for fall decorations, mums may be a good bundling option. At the same token, offer the items in the bundle individually as well so the customer can see the bundle is a great purchase.

If bundling both high and low margin items, consider the price of the bundle itself represents the average of all its components. If bundling low margin items

decreases the overall average price of the bundle, the customer may pass on the bundle as there is a perception of decreased value. Always consider the bundle price as the average price of all the components within. Ensure the bundle is attractive and simple. You can bundle as many items together as you want, however it is easiest for customers to see value in smaller item bundles.

Bundling is a fantastic marketing strategy to increase sales revenue. Make sure to use multiple marketing channels to ensure your customer base is aware of the bundle.



Large green field being tilled by tractor with forest in the background.

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