

How to Raise Your Prices Without Losing Customers

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Do you break into a sweat at the very thought of raising your rates and then having to tell loyal customers that you're going to have to start charging them more? For many farriers, their biggest fear is that many of their customers will walk away if they add even a tiny increase to their current prices? If the fear of losing customers is holding you back from raising your rates, here are some pointers to help you get your business in order and ensure your business will thrive.

Before you raise your rates, make sure you have thought out a pricing strategy. A pricing strategy is basically a well-thought out plan for how you will decide on the prices you want to charge for your services and products as well as when do you want to start these rate increases. When planning your rate increases, you'll want to ensure you've included such things as rate of inflation, retirement or any increasing costs faced by your business over the next year such as insurance, medical, and material increases.

I do not recommend that you share the ins and outs of how you calculate your rates but I would definitely consider explaining to your customers your pricing policy up front as well as in your respective responsibilities. You need to introduce your customers to the concept that your rates are not static and will be raised yearly. Present your fees in a logical, structured manner that makes it easy for them to understand.

Sharing this kind of information with new customers at the beginning of your relationship sets this expectation upfront, enabling you to initiate the conversation more easily in the future. An added benefit of doing this is that you're demonstrating to customers that you do indeed have a strategic pricing strategy and won't just be raising your rates and asking them to come up with more cash whenever you feel like it. If you would like to raise your rates for existing customers, then just be honest. Explain that you have been working on a new pricing structure recently and if necessary, share some of the details of this with them. Initiating this conversation with existing customers may feel uncomfortable at first, but it's an effective and inclusive way of communicating to your customers.

If you are 100% confident in the service and value you offer your clients, then you have absolutely nothing to fear from raising your rates. Remember, you are fully justified in raising your rates. The benefit of raising your rates according to a strategic plan shows your customers that you have clear reasons and justifications for doing so. As far as timing goes, don't drop the bombshell on your customers a day before you expect them to pay your increased fees. Consider giving them at least one trimming/shoeing farrier cycles' notice and be sure to inform them when your new pricing structure will be implemented. Many farriers like to increase their rates in the busy season, like June or July, to cut down on the amount of loses as many horse owners know that it can be hard to find a farrier during the busy times of the season. The timing is OK but the reasons still suggests a lack of proper pricing strategy. I think raising your rates at the first of the

year makes more sense business wise due to end of year financial assessment and adjustments. Either way, having customers know your when your rates will increase is the most important point.

Once you have implemented your price increases, ensure you continue to deliver your highest quality service and products to your customers. Continuing to demonstrate your ability and quality of service should help to smooth over the initial impact of your increased rates. If a customer walks when you raise your fees, it usually has something to do with the perception of value. The customer doesn't feel they were getting a good value for what you're charging or what you plan to charge. If you suspect that's the reason, then take an unbiased, honest look at the services you offer to ensure you are happy with the value that you provide.

On the other hand, if you're more than confident with the value you provide, then perhaps any potential lost customers are not the greatest loss in the world. These customers who walk out or drop your service are often the least desirable customers who never appreciated the value you provided, usually more difficult to work with, tend to price shop for service, and often end up costing your business more than they bring in, in terms of the additional time you spend keeping them happy. If that's the case, don't sweat the loss and simply move onwards and upwards.

One of the most self-defeating small business techniques to perform is to cut your prices to gain customers. In any business, there will always be people who are "bargain-hunting" or looking for the cheapest farrier. You can win these customers if you're cheaper than other farriers in your area however, these customers will never be loyal to you. The first farrier that undercuts your price will get them. The message you send to existing customers is that you value your own service less now as well as you can really get by with less now. You will find it most difficult to raise your prices again with these customers. By competing on performance instead of price, you shift your customers focus to your strengths and quality of service.

The fear of losing customers when you raise your rates is often nothing more than an irrational fear. Every year that you're in business, you offer one more year of experience to your customers; one more year of learning; one more year of expertise. Doesn't that in itself justify at least an annual increase in your rates? Follow the advice above and your customers won't need to ask why, they'll simply know it's a standard part of your business policies.