

# How to Raise Prices Without Losing Customers

*"Price is only an issue in the absence of value. If you provide value to your customers, they will understand and appreciate the reasons behind a price increase." - Tony Robbins*

Small businesses are in a quandary these days. Inflation, the pandemic, and supply chain disruptions have impacted their expenses, making it more expensive just to conduct business. And those inflationary pressures have also affected their customers. Consumers are looking for bargains and spending money on what they need, not necessarily what they want.

Many small businesses in this situation think raising their prices is the solution but are hesitant for fear of alienating customers but it is possible to keep your customer and raise your prices. Here are 12 ways to do it.

**1 Be Transparent** Increased prices are a universal concern. Consumers are aware that companies are charging more and delivering less (we've all noticed the shrinking size of cereal boxes). So it's important to be transparent and not hide the fact that your prices are rising. Many consumers are keenly aware of overall economic conditions, so when you tell your customers you're raising prices, it just confirms their expectations, and most accept it.

**2. Don't Overexplain** Your customers don't need to know the nitty-gritty details. Don't tell them about your profit margins or how you're being squeezed by higher prices yourself. Just tell them the facts, such as when the price increase takes effect and what the new price structure will be. This is also a great time to offer something "extra." For instance, if you're going to add 24/7 customer support (even if it's a new chatbot) or free gift wrapping, let them know.

**3. Don't Apologize** Try not to come across as tentative or nervous since that may signal to your customers that you're willing to negotiate. That's a scenario you want to avoid. Don't offer deals to some customers that you don't provide to others. Customers often talk to one another, and if someone finds out another customer got a "break" when they didn't, you will likely lose their business.

**4. Research the Marketplace** What are your competitors doing? Have they raised prices in the past few years? By how much? Have they given their customers more value? Customers are more willing to accept price increases if everyone in your industry is doing the same thing. Remember, it is very easy for consumers to comparison shop these days, so your customers will know if you're charging more than other businesses in your industry.

**5. Timing Matters** To get through a price increase relatively unscathed, you need to make sure your customers are satisfied with your products and services. Happy customers are more likely to be loyal and accept your higher prices.

**6. Retain Price-Sensitive Customers with Email** Price-focused customers may leave for other lower-priced options. That doesn't mean you should abandon them. Depending on the type of business you own, keep them on your mailing list (unless they request to be removed). Their economic circumstances

may change, or they may find the quality of your products or your exemplary service is worth paying more for. Consider sending a “we miss you” email with a promotional discount to entice them to return to doing business with you.

**7. Raise Prices for New Customers Only** Many B2B businesses can keep current clients at their current price level but charge higher prices for new customers. Be sure to let your clients know they’re getting special treatment: “Effective immediately, we will be raising our prices. However, because we value you as a loyal long-time customer, your price will remain the same for the next 12 months.” You can also offer a discount to clients who sign (or renew) a multi-year contract.

**8. Add Value** Create product or service bundles by adding features that don’t hurt your profit margins but positively impact your customers. Depending on your business, you can extend your service hours or offer bulk discounts. Consider creating a loyalty program where customers are rewarded when they reach pre-set spending milestones.

**9. Raise Prices on Some Products or Services and Not Others** Try raising prices only on your most popular products and services. Since they account for most of your sales, this can significantly impact your revenues.

**10. Develop Different Levels of Service** You could create bronze, silver, and gold packages where the more customers spend, the more services they get. This works particularly well for home-service businesses like lawn care or pool maintenance. If weekly clients can’t afford the new rates, perhaps you could provide bi-weekly service instead.

**11. Consider Adding Fees or Surcharges** Some businesses add fees or surcharges as a solution for a temporary situation, such as a surge in gas prices. This can be risky, though, since customers expect these additional fees to disappear when that situation changes. Do not promise customers that you’re temporarily raising prices and then keep them elevated. Customers will think you lied to them and will never trust you.

**12. Presentation is Key** Linking your price increases to a customer-centric value makes it easier for customers to accept them. When you tell them you’re raising prices, focus on any added benefits, such as expanded product offerings or additional services. Of course, some customers will balk. Brainstorm with your team about possible customer objections and how to best counter them. You want all your employees to be on the same page so that no customers get preferential treatment.

Maintaining trust is the key to success.

