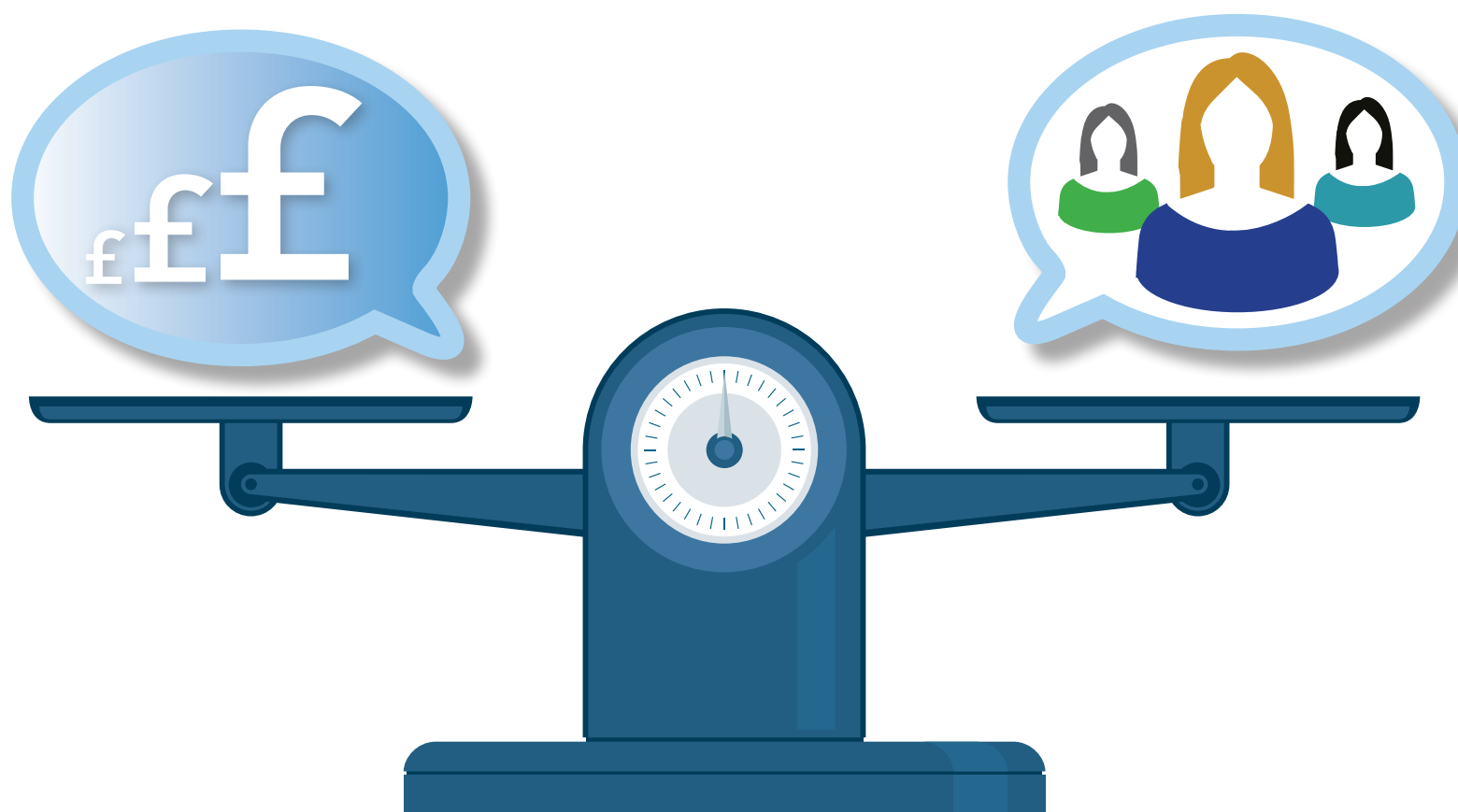


Balancing Price Increases with Customer Retention





Taking the heat out of price increases.

Implementing a price increase from time to time can feel a little daunting, and in an ideal world it should be a normal part of business life, keeping pace with inflation.

All too often though we see changes delayed due to the fear that good customers will go elsewhere, a lack of time assigned for planning and preparing for a change or simply a lack of confidence and know-how.

Before we share some simple hints and tips for a gentler, more effective way to share price changes with customers it is important to acknowledge that your pricing sets the tone for the kind of business you want to be and the type of clientele you intend to serve.

The key in communicating any price change is not the comparison between you and your competitors, it's about clearly articulating the outcome the customer is going to receive from you.

So where to get started?



**It's all about facts, facts
and more facts.**

It is important to be able to base your increase on solid, unambiguous reasons.

Before making any changes, it is critical that you've done your homework. For example, you need to be clear about your costs of doing business e.g. have you considered the cost of PPE for you and your team? Which products will receive an increase? All or a select few? Be clear on the facts here.

Put yourself in the customer's shoes. What would be a fair price to you? Have you considered using consumer insights to help you gather data for your business?

Little surveys of select groups of customers with two or three questions will help you determine whether your pricing was fair.



Map the communication process and message.

Preparation is key.

To implement a price increase you should prepare well in advance.

Start by writing a short note to yourself explaining the price change and then read it out loud. If you don't believe what you have written or feel uncomfortable, start again.

When you have a short summary that you are comfortable with you need to align with your team first. Make sure they understand the reasons and ask for feedback, making the process two-way. Without their buy in and support you're a lone ship at sea.



**So, what about
customers?**

The next group to consider are your customers.

Anything less than 30 days notice of an increase risks all the good work you've done establishing a relationship and reputation with them.

Some of your customers may need to make some adjustments to their planning as a result of the changes.

This is a key point. Remain firm. It's worth reminding yourself that customers who threaten to leave over a price increase, tend to do so only 8-12% of the time¹.

Customers are aware of the risks and cost of switching to someone new.

¹. Journal of Business Research Volume 67, Issue 1, January 2014, Pages 2732-2737



**Like a famous trainer
brand says... just do it!**

Some businesses raise prices every year or two, creating a natural rhythm that becomes routine and reflective of the changes in the market.

Remember you engage with businesses and brands that raise their prices all the time. They do not apologise, squirm or awkwardly explain why... they just raise their prices.

It can be as simple as "We had a price increase so we can continue to deliver the great service you expect." Don't overcomplicate. You'll be less sincere and confident.



**A final word of
wisdom.**

Relationships with customers can run deep. Many will have been coming to see you for years. They know about you and your family, and you about theirs.

Whilst some may even feel like family... remember these wonderful people are still our customers. They are in your world because they trust and respect you.

Don't let relationships cloud your thinking. They know the price they have to pay for you to provide a valued service.

A woman's profile is shown in a three-quarter view, looking towards the right. Her hair is blonde and slicked back. The background is a dark, textured space filled with a cloud of fine, multi-colored dust or powder in shades of pink, purple, blue, and gold. The lighting is soft, highlighting the contours of her face and the texture of the dust.

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