

HOW TO INCREASE YOUR REVENUE (FOR THE BEGINNER OR FAINT AT HEART)

Often times, business owners convince themselves that the only strategy to making more money is by raising fees. In reality, that is just one way to increase revenue. Implementing a good strategy can make this much easier and also reduce anxiety in the process.

First, we need to observe things from the client's perspective, which of course is the most important part of business. If I am getting the same service at several locations, why should I have to pay more? If the client feels gouged or that the fee increase is unjustified, expect negative feedback and possible chance of losing the client. In reality, this is usually more of a perceived issue than what actually happens. Many consultants will tell you that you can raise your fees by 10% and you will never lose 10% of your clients (the greatest fear of the vast majority of the groomers as well as veterinarians). In my experience, you may lose a couple of clients with an increase in fees, but often they are very verbal about it. This causes business owners to be fearful of implementing fee increases in the future. Our biggest downfall in this scenario is that we hesitate, feel guilty, and are nervous of trying it again. We have to remember as the cost of living is going up, if we are not raising our fees, we are decreasing our profitability.

Here is a strategy that may soften your anxiety of how much to increase your fees. Tie your fee increases to consumer price index (CPI) for goods and services. By doing this, you are actually keeping up with the cost-of-living changes. Typically, that is going to be around 1-5% a year. Don't just match it, double it or you will end up breaking even. Then you have the ability to give yourself and your staff cost of living raises in the process. You now have justification for your increase, and it is not YOU making the decision, the economy is. Now when a client complains, you can say, "I also dislike that prices are going up, but unfortunately, that is the way the economy works. When my costs go up, I have to charge more to survive."

Remember, when you make a cost-of-living increase, the client may not be thrilled, but ultimately, they have no choice in the matter. Another approach (in addition to cost of living) is to offer something new to the client that increases the value of the service rendered. For example, upgrading the quality of the products you use. There has to be a noticeable difference, so the client puts more value into it. You can also get more education, so your level of knowledge or your quality of your groom is enhanced. You can add more staff to improve customer service. This approach at least softens the impact of a price increase, because the client feels that they are getting more for their dollar.

My favorite approach to increasing revenue is by offering luxury products, spa packages, or advanced therapy procedures. I have heard from a lot of groomers that said they have tried that; however, no one chose to buy the service. The problem there was that clients didn't know what they got for the extra money, so they chose to stick with what they have always done. An approach I recommend is to give them the service at the normal price but tell them what the upgrade will be in the future. If it is a true upgrade that the client will value, then you find a percentage of the clients will choose that in the future. The best part of this type of increase is that it's the client's choice, not a forced increase in cost.

I worked with a salon that used a combination of what I recommended. They sent their staff through two different education programs and implemented a new line of products that had already received positive feedback from top clients during a trial run. Once they switched to the new products, they increased their prices by \$5 for the basic bath. Then they started offering luxury baths/services packages at \$15 extra. They actually had about a third of their clients choose to stick with the higher-level services.

POTENTIAL IMPACT ON REVENUE FOR ONE GROOMER

8 DOGS A DAY AND APPROXIMATELY 250 DAYS IN A YEAR= UP TO 2000 TOAL GROOMS

2000 TIMES \$5 INCREASE IN PRICE= \$10,000

ONE THIRD (660) TIMES AN EXTRA \$15 FOR LUXURY SERVICE \$ 9,900

TOTAL INCREASE OF REVENUE \$19,900 PER GROOMER

So, with a \$5.00 increase but also offering a luxury service you have increased the revenue by almost \$20,000. Would that be something you could appreciate in extra income without working harder(just smarter)?

Timing can play a part in your positive or negative feedback from your clients. If you raise prices consistently (small increments) then clients get used to it. If you don't and have to make big jumps, it is important to time your increase at an appropriate time. If business is slow and you increase your prices at the same time, then it is perceived that you are not doing well. If you are busy and raise your prices, it is perceived that you are doing really well and have the ability to do that. Many groomers raise their prices at the first of the year (January 1). Busy time or slow time for you? What if you raised your prices at the first of December? Do you think they are going to cancel their holiday appointment and try to go somewhere else? That could make your holidays a little merrier!

Currently, we are in a time of heavy demand, shortage of help, and heading towards inflation. This might be a good time to raise your prices and consider expanding your services. Most salons are just trying to run through as many dogs as possible because there are so many to be groomed. If you raise your prices and lost a client or two in the process it would mean more money and possibly a more reasonable schedule. You might even fill those openings with new clients that appreciate your services and did not know you raised your fees. Something to think about!!! As things get back to normal, would you prefer to be remembered as the assembly line or the one that offered top quality services? The key point here is that by adding value to the client, the increases or changes have less negative impact across the board. The goal is to attract clients that value quality over price. You pick your clients by what you charge and the quality of service you offer. Cheap services often get cheap clients!