



Why You Should Raise Your Prices



By Rachael Evans

If you're like most auto repair shop owners, you are terrified of raising your prices. It's not because you don't want more money. It's because you're afraid your customers will stick their noses up and head across the road to your competition.

But here's the truth, most auto repair shop owners don't know – as long as the price increase is reasonable, 99% or more of

your customers won't care. And the ones who will care are the price watchers and tyre kickers your business can do without.

You know the kind of customers I'm talking about – they constantly question the expertise of your mechanics and complain about how expensive their car is to maintain (even if it's a Corolla!).

These are the sort of customers you can afford to lose. In fact, you can use the energy and attention you save from dealing with them to get new ones through your doors – dream customers who pay what you're worth and thank you for it.

How To Justify Increasing Your Prices

At the moment, you can't turn on the news without hearing about inflation. All around the world the cost of living is skyrocketing. In Australia, the Consumer Price Index (which measures inflation) recently soared past 7%... and experts are saying even higher rates are on the horizon.

For those of you who don't know how the CPI is calculated, it records price changes in a select basket of goods and services consumed by the average household. So if the cost of those goods and services goes up, you know the cost of living is going up by roughly the same amount.

Among the goods factored into the CPI is petrol – something that's essential if you're an auto repair shop owner. Petrol powers your car to get you to work. You use it for your loan vehicles. You use it during any test drives you take. And your suppliers use it to deliver parts to your doors.

That means that, as the price of petrol increases, so do your costs. Which means it's more expensive than it used to be to serve your customers. And if your service costs more to give, your customers need to pay more to receive it.

Unless they've been living under a rock, your customers will know inflation is on the rise. Many of them will even expect your prices to go up. If you explain that your increases are due to inflation, not many of your customers will bat an eyelid – and even fewer will head over to your competition, because they'll be doing the exact same thing!

Charging Yesterday's Prices, Today, Is A Recipe For Disaster

Even when inflation isn't soaring, it's still important to regularly review and raise your prices. Let's say inflation is sitting at a moderate rate of 2%, but you're charging customers the same

amount you were a year ago. That means your profits are being eroded by 2%... because even though you haven't increased your prices, your suppliers almost certainly have.

It's not just your suppliers, though.

Many of your apprentices and tradespeople are on

award wages. And these wages regularly increase to offset the cost of living. Every time this happens, the cost of running your business goes up. If you don't increase your prices to offset these expenses, you won't remain profitable for very long.

The following year, the cost of living will increase again. Same with the year after that, and the year after that. If you reach a point where you're charging 2010 prices in 2022, you won't be able to survive. You need to keep up with inflation or your business will be left to die a slow and painful death.



The Difference Will Come Out Of Your Pocket

What happens if you don't increase your prices over time?

Put simply, you'll have less money to run your business. You might find yourself getting to the end of the month and struggling to pay your staff. You might not have enough money to upgrade your equipment, or keep your star players. Or maybe you'll struggle to pay your suppliers and risk them cutting you off for good.

To cover all of these bills, you'll end up digging into your own pockets. This means that, at the end of the day, you'll be the one who suffers. Imagine struggling to pay yourself a decent wage because you were too scared to increase your prices. That's not a position you want to find yourself in as a business owner.

Tell Yourself That You're Worth It

Every now and then, I like to look in the mirror and remind myself that I'm worth the money I charge. You need to be able to say that to yourself, too – because there might not be many other people who'll say it for you.

You've worked too long and hard to get where you are. Why should you work so hard, only to make less money as time goes on? That's not how it's supposed to be. As a business owner, you should make more money than when you started... because you have more expertise now than you did then. The only way to ensure that happens is to increase your prices accordingly. Don't be afraid to do it. You're worth it, and your customers know it.

Want more advice on how to increase your prices and finally get paid what you're worth? Download a free copy of 'Poor To Profit,' my eBook written specifically for auto repair shop Owners. Visit www.workshopwhisperer.com



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