### General Information

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### Description

Bob Prosen, founder of the consulting company Prosen Center for Business, gives advice to small businesses on how to maintain customer loyalty while raising prices due to the tough economy.

### Keywords

- Price Increase
- Raising Prices
- Pricing
- Small Business
- Business Plan
- Business Ownership
- Performance
- Productivity
- Profits
- Product Quality
- Relationships
- Cost Structure
- Efficiency
- Customers
- Competitors
- Consulting
- Bob Prosen
- Kiss Theory Goodbye

### Citation

MLA

"How to Raise Prices Without Losing Customers." JJ Ramberg, correspondent. MSNBC. NBCUniversal
JJ RAMBERG, anchor:

With gas prices soaring and the economy tightening, you may think it’s not possible to charge your customers more. But, it turns out you can successfully raise prices without driving those customers away. Bob Prosen runs the consulting company, Prosen Center for Business. He’s helped business leaders rapidly increase performance, productivity and profits, and he’s also author of the book, “Kiss Theory Goodbye: Five Proven Ways to Get Extraordinary Results in Any Company.” Bob, welcome.

Mr. BOB PROSEN: Thank you.

RAMBERG: So, if you’re going to raise prices on your customers, one of the things you say is don’t surprise them. So, how do you give them warning?

Mr. PROSEN: Well, our customers are very important to us, lets not surprise them. Let’s let them know in advance that prices will increase. But, it’s important to explain to them in their language as to why prices are increasing. For instance, if its fuel surcharges, they’ll understand that. But its important we put it in their language so that they, in turn, can pass that along and plan for it in their own business.

RAMBERG: So, a lot of times when people are paying more, they expect to get more. So, you should communicate increased value I assume. But is saying, um--gas prices are going up for me, is that uh--the same as saying, you’re going to get more for your money?

Mr. PROSEN: No, definitely it’s not. In fact, the equation for value is benefits plus price. So, if prices are going to go up we have to have increased benefits for our customers. So, we can do things like under promise and over deliver. Give them a little bit more. Understand their customer’s customer. So that when we provide our services to them, they’re customized for our customers. They see more value, we understand their business, and therefore they’ll be more appreciative of what we do and less sensitive to price increases.

RAMBERG: That seems to--to follow into your next point, or go right into your next point, which is, track the quality of your products.
Mr. PROSEN: This is absolutely critical, and we can track the quality of our products many ways. Customers call us, complaints, warranty, rework. If we’ll deal with that, capture that, and inside of “Kiss Theory Goodbye” I teach business people how to reduce these problem occurrences and increase the quality of their product. You do it for two reasons: One, customers like us a lot more when things work the way they’re supposed to; and our cost structure goes down therefore maybe we don’t have to increase our prices as much and we can be more competitive.

RAMBERG: And then, also, relationships matter.

Mr. PROSEN: Oh this…

RAMBERG: So, if you have a good relationship, you can do more within that relationship.

Mr. PROSEN: Oh, definitely. People like to do business with people they like. So, lets make sure we stay in touch with our clients. Customize what we touch them with. You know, for instance, when I travel and I deal with business people, I always carry thank you notes in my briefcase. When I’m finished, I send them a note. It’s a rarity these days to even get a thank you note.

RAMBERG: Yeah, it absolutely is. So, about how much can you raise prices by? Can you suddenly figure out that your costs are gone up so much because of energy prices, or food prices, or gas prices, whatever it is, um--and raise it by 50%? Should you do it incrementally? Should you do it all at once? How does it work?

Mr. PROSEN: Yeah, that’s a great question. It depends on what industry you’re in. It depends on what you customers are doing. It depends on a number of things that determine how much, and when, and the frequency of our ability to raise prices. Therefore, what I always recommend to business leaders is work on your cost structure; make sure you’re efficient and effective. Keep your costs as low as you can. Therefore, you can be more competitive on your pricing. Sometimes, you have to pass along the price. Other times, try to absorb what you can through improved efficiencies.

RAMBERG: Should you be looking at your competitors and how much they’re charging?

Mr. PROSEN: Yes, you should absolutely be looking at your competitors. We always want to know what they’re charging. And by the way, we want to differentiate our products and services from our competitors. And, if we can prove a higher value by dealing with us versus our competitor we should be able to articulate that, and we do it based on facts because we know what’s going on in the industry.

RAMBERG: Alright, Bob I know a lot of people are thinking about raising prices so thanks for giving them some tips on how to actually do it.

Mr. PROSEN: My pleasure.