

SmartDriving Better Business Advice

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Increasing your prices

If you've been around driver training for more than a couple of years you will know that business starts to pick up around the end of February and on through the Spring – this means that if you are thinking of a price increase April or May is an ideal time.

This week I want to share a simple strategy that you can employ each time you increase your fees, whatever the time of year. ***But first you need to consider what your service is worth.***

Recommendation...

I remember, many years ago, getting an enquiry from someone who had been recommended by a friend. When she mentioned her friend's name I couldn't remember teaching her - the hesitancy must have come across in my voice because my new pupil immediately explained...

"My friend didn't actually take driving lessons with you, she had her lessons with Mr X, but she said that if she'd had a little more money she'd have come to you!"

A strange recommendation, but it tells you something about people's perception; your prices tell your customers how much you value yourself, your product and your service. This message is so important that it's worth repeating...

Your prices tell your customers how much you value yourself, your product and your service!

What are you worth?

One of the biggest mistakes in all businesses, and especially in the driver training business, is setting prices too low and trying to compete on price alone. Surveys have repeatedly shown across a range of retail and service businesses that less than 30% of people cite price as their only or primary purchase criteria.

There will always be someone who will only buy at a premium price and who will be put off by lower prices – and there are enough of these people in your area to fill your diary! That is, there will be enough if you have the confidence to charge what you are worth, and gain the skills to sell yourself – then you will get the price you want.

Strategy for price increases

Decide what you are worth – and consider *why* you think you are worth it. It stands to reason that if your pass rate is only 40%, and you occasionally lose customers you need to improve your service before you can consider charging top rates.

Set a price – I normally recommend that your increase should not be more than £2 per hour, regardless of your current rates. If you feel you need to increase by more than £2 an hour set a date for a second increase later in the year.

Determine the date for the increase - this is the important bit!

The price increase date should be about twelve weeks away. There are a couple of reasons why this is important.

The first reason is that most of your customers will feel that twelve weeks is so far away they will have passed (the test) and gone by that time. The reality might be somewhat different, however, having had twelve weeks to get used to the idea of increased prices they will be comfortable with the new price when it comes around.

The second reason is your own confidence. It's important when you are selling, especially when selling on the telephone, to be positive about your service and your price - people like to be 'sold to' by someone who sounds confident.

Twelve weeks will give you ample time to get used to your new price – in fact, my experience is that many instructors who have used this strategy wished they had set the timescale at six weeks because by then they have convinced themselves of their 'new' worth (leave it at twelve weeks!). Taking time to get used to your new price in this way will help you sell lessons positively

Price increases are the quickest and easiest way to increase your profitability. Give a leaflet to your pupils NOW and put a clearly posted message in your car – stick it on the nearside door so that your pupils will see it every time they turn around and look at you.

What are you waiting for?

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