



You Should Know...

Very Very Sad

Twenty-five (25) US veterans commit suicide for every one killed on the battlefield. Sixty-five hundred (6,500) veteran suicides are reported every year... more than the total number of soldiers killed in Iraq and Afghanistan combined according to *The New York Times*.

The Point: Clearly PTSD is a serious malady and needs to be better understood and treated.

These are the Organizers?

The Olympic Committee asked Keith Moon, legendary drummer of The Who, to perform at the opening ceremony in London this summer. They seem unaware that he died in 1978.

The Point: It seems their planning process is off to a questionable start.

Time for Tax Reform?

Since 2002 there have been 4,428 changes to the federal tax code, or more than one per day.

The Point: I thought so.

Costly Proms

The average family will spend \$1,078 in 2012 on the high school prom, up from \$807 in 2011.

The Point: Could proms be recession resistant?

China Gets Fancy

Sales of luxury goods in China were over \$30 billion in 2011, up 29% over the previous year.

The Point: Sounds like they're joining the rest of the world fast.

May's Quote

"Desperation is sometimes as powerful an inspirer as genius."

Benjamin Disraeli

Time for a Price Increase?

Changes in a company's prices effect its profitability more immediately and dramatically than any other marketing tactic. As a result, if and when to increase prices, and by how much, is a critical issue that faces all marketers.

No one wants to raise prices. Unfortunately it can't be avoided now that inflation is "heating up." Labor, energy, and raw material costs all rose in 2011 for most industries. This means prices must be increased soon lest a company be forced to play "catch up" increasing its prices after costs have already risen (read lower margins).

To reduce risk when increasing prices you need some information. Specifically:

- **Your competitors' pricing.** Monitor their prices (on 5 to 10 representative products) on a quarterly basis.
- **Your customers' price increases.** If your end customers are increasing their prices, it is much safer for you to do so also.
- **Your market share trend.** If it's declining for any reason, implementing a price increase is dangerous.
- **Your customers' options.** Answer the question "where would your current customers go if you experienced a disaster and could not deliver your most profitable products?"
- **The value of your product offering.** Hint; it will vary by market segment.

A word of caution; however, do not rely exclusively on cost pricing. Increasing prices based solely upon increases in your costs is a very dangerous and disproven practice. The reason is simple. Prices should be based upon what the market will bear. Your costs, however, are largely based upon your ability to manage your business and negotiate with your suppliers. Things your customers usually don't care about and won't pay

for. Value pricing is the safest and most profitable pricing strategy.

Also, don't think too small. Implementing a price increase of 1% requires the same amount of management, sales, and communication resources as a 5% to 7% increase. In other words, don't go to all the trouble, risk, and expense for a 1% increase.

Additionally, if much of your pricing is "other than list," then increase your prices to your lowest volume customers first. Their reaction and that of your competitors will provide insight as to whether or not your price increase will "stick" and/or provoke a competitive response. You need to anticipate your competitors' responses to prevent a distribution price war.

The Point: Many manufacturers have been understandably reluctant to increase prices during the recession. Fear of losing customers and seeing sales evaporate are the main reasons. The result has been that many products are undervalued. Assess the value of your product offering and adjust your pricing before the inflationary spiral begins if you want to maintain your profit margins.

Countries with the Largest Area of Forests

Country	Square Miles (thousands)
Russia	3,124
Brazil	2,006
Canada	1,197
USA	1,174
China	799
Dem. Rep. Of Congo	595
Australia	576
Indonesia	365
Sudan	270
India	264

Source: Food and Agriculture Organization of the United Nations