



SALES & MARKETING

GBB Selling: THREE'S THE CHARM

By Dan Apple, The Apple Group, LLC

*Remember the children's story, Goldilocks? When faced with a choice of where to sleep in the home of the three bears, Goldilocks said, "This bed is too soft. This bed is too hard. But this one is just right!" Having multiple choices when shopping is one of the most used selling strategies in the business world. Why? Because customers like having choices. They want to feel in control of the purchasing process rather than being sold something. **That's why I advocate for a Good-Better-Best (GBB) selling strategy for the garage door business.***

The GBB selling strategy puts the customer at ease and is also a built in way of improve profit margins. Providing a three-tiered price point allows customers to choose the product based on perceived value related to the benefits of each price point, resulting in the customer purchasing rather than you selling. This is a much stronger position to be in as a marketer.

Three's the Charm

People tend to rate things in blocks of three. For example, horse racing scores the race win, place or show. The Olympics award gold, bronze and silver metals to event winners. The same can be said for selling, we've adopted good, better and best.

We can credit Sears Roebuck and Company with being one of the first retailers to use a tiered pricing strategy. For those of us that are old enough to remember, "Sears Best" was their top-of-the-line product choice. When shopping for a new washing machine, who wouldn't want the best? But sometimes pocketbooks dictated otherwise, so Sears wisely offered two other price points.

Taking notes from the Sears playbook, many retailers today use a similar strategy. Go to an Apple store to buy a new computer, and you'll find there are three varieties, MacBook, MacBook Air, and MacBook Pro. Same basic computer, just more bells, whistles and power as you move up the price

Continued on page 34

SALES&MARKETING

Continued from page 32

range. Starbucks offer their range of beverages in Tall, Grande and Venti sizes. Toyota has three versions of their most popular pickup, the Tundra. These include SR, SR5 and Limited. All will get you where you want to go, depending on how much style and horsepower you want.

In all of these examples, each step-up costs more than the previous but the perceived value is higher. Let's take the simplest example of Starbucks coffee, my favorite Mocha Cuccapino. Depending on location, the price ranges from \$3.50 to \$5.00 for 12, 16 and 20 ounce sizes. To go from the "good" to the "best" costs an additional \$1.50. Doesn't sound like a lot, but it's actually a 43% increase in price. How much of that adds to their gross profit? The difference in their cost is probably miniscule, but the cushion added to the bottom line is most likely significant. Everybody wins. You get a bigger cup of coffee at a perceived better value and are willing to pay the going rate while Starbucks smiles and puts your money in its till. The point is you had a choice and you made the decision to purchase. Starbucks didn't sell you anything.

Buying Behavior

Consumers prefer options. In his book *Predictably Irrational*, behavioral economist Dan Ariely refers to "The Magic of Three." Ariely found that offering at least three choices leads individuals to purchase more, at a higher price, than merely offering one or two limited options. This is because when only one or two options are presented, prospects tend to focus on price. But when three options are presented, potential customers overwhelmingly favor value-based options. In fact, his research showed that offering three options resulted in a 43% increase in total revenue, with 52% fewer customers choosing the least expensive option.

Goldilocks and Garage Doors

Does this GBB pricing strategy translate to the garage door business? You bet it does. Take a look at the products you buy. Garage doors come in three basic categories these days, traditional raised/flush panel metal doors, stamped steel and overlay carriage doors, and custom-made garage doors such as wooden or traditional steel raised panel garage doors.

The same applies to automatic openers, chain, belt or direct drive. Within each category there are bunches of models and options to choose from. The overwhelming supply options in our industry can be overwhelming. If it's

difficult for you to keep up with, imagine what it's like for customers trying to understand it.

That's why you need a Goldilocks pricing strategy of your own. Start by choosing a product category and offer no more than three models in that category. Here's what your Good-Better-Best lineup might look like.

- **Carriage House Style (BEST)**
Custom Wood/Overlay Fiberglass/Overlay Steel
- **Full View Aluminum (BETTER)**
Custom Colors/Dark Bronze Anodized/Mill Finish
- **Traditional Garage Doors (GOOD)**
Stamped Steel/Sandwich/Pan

In this example there are three categories of garage doors and three models in each category. When consulting with a customer during the selection process, it is important to determine which category is the best fit.

Avoid TMI

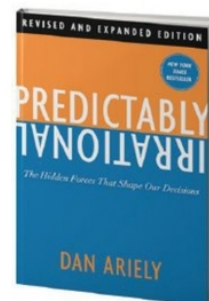
Showing a customer the full gambit of the garage door models in your arsenal is the worst thing you can do. Too much information (TMI) is a killer to the selling process. You may think you are being helpful by pointing out all 27 models of a product that you carry, but instead you are overwhelming the customer with information and potentially sabotaging the sale. Make the selection process simple by qualifying their needs through a series of relevant questions.

- What style door do you have now?
- What style are you in the market for? Traditional raised panel steel, carriage style or something more contemporary?
- Does the garage face the street?
Is it attached or detached?
- Is color important? Are you trying to match colors?
- What about glass?
- What budget do you have in mind?

With this in hand, picking a garage door category is easier. Notice that we have not mentioned pricing yet? The reason is simple. There's no point in throwing out numbers until you know what to price! Again, bombarding your customer with prices confuses them and is unprofessional. Instead, qualify their needs, settle on a product and then talk about pricing.


Continued on page 36

*"Consumers prefer options. In his book **Predictably Irrational**, behavioral economist Dan Ariely refers to "The Magic of Three." Ariely found that offering at least three choices leads individuals to purchase more, at a higher price, than merely offering one or two limited options... In fact, his research showed that offering three options resulted in a **43% increase in total revenue, with 52% fewer customers choosing the least expensive option.**"*



SALES&MARKETING

Continued from page 34

		Category	Description	GBB Rating
Good	Chain Drive GDO's	AC Motors		
		1/3 hp	Good	
		1/2 hp	Better	
		3/4 hp	BEST	
Better	Belt Drive GDO's	AC Motors		
		1/3 hp	Good	
		1/2 hp	Better	
		3/4 hp	BEST	
BEST	DC Powered Belt Drive or Wall Mounted GDO's with battery backup	DC Motors: include trolley type and direct drive styles		
		750 Newtons	Good	
		850 Newtons	Better	
		Direct Drive	BEST	

In the example shown above, we have three broad categories and three models within each. I would advocate picking one model in each category to propose to customers. Today's garage door openers are all about quiet, security, accessibility in the event of a power failure and controlling them remotely with an app on your smart device. Your "Best" model should incorporate all of these features.

The Goldilocks Choice

In general, people tend to choose the mid-level product. Some shy away from the most expensive product fearing they're paying too much. There are customers that want the best, but there are fewer of them. And some will choose to avoid the lowest price point for fear of buying an inferior product. That's why it is critically important to position your "better" products with feature rich benefits and a price tag that reflects them. It also enables you to build healthy profit margins into your pricing. The price is substantially higher than the "good" product and signals better quality and more benefits, and is significantly lower than the "best" product and leads the customer to believe there is good value in the "better" price point product. You can test this strategy by offering three different packages, and making the middle option one that you really want to sell.

Let's consider another product, garage door openers. Back when I started in the business you had three choices, 1/4, 1/3 and 1/2 horsepower. There are many models and options these days, but a GBB lineup might look like the chart at the top of this page.


In this example, we have three broad categories and three models within each. I would advocate picking one model in each category to propose to customers. Today's garage door

openers are all about quiet, security, accessibility in the event of a power failure and controlling them remotely with an app on your smart device. Your "Best" model should incorporate all of these features.

Summary

Offering a "Goldilocks," GBB pricing structure does many things for your business. It allows you to set prices based on each product's relative value, makes it easier for customers to understand the range of choices based on price, and provides the opportunity to justify the differences in price points based on product features and benefits. Most importantly, it lets customers feel that they're making the buying choice rather than being sold. This is critically important when cultivating what you hope will be a long-term customer relationship. GBB essentially eliminates the high pressure approach that customers associate with salespeople.

The easiest way to test this concept is by considering how do you prefer to purchase products? If there are three choices available, which do you typically choose? Yes, occasionally some of us will go for the gold and purchase the top product. But more times than not, we avoid the least expensive, decline the best and select the "better" item.

As Goldilocks would say, "This one is just right!" 



Dan Apple is managing director of The Apple Group LLC, a garage door industry consulting firm located in Bonita Springs, Florida. The firm offers business management coaching, training and new employee recruitment.

Dan served as president of Apple Door Systems in Richmond, Virginia, for 33 years. The company grew into a statewide dealership with eight locations. He was the first president of the Institute of Door Dealer Education and Accreditation (IDEA), where he was responsible for creating the industry's first national accreditation program in 1998. Dan also served as a director of the Door & Operator Dealers Association (DODA) and IDA from 1994-1998.

For more information, contact him at (239) 494-3505, email at Dan@AppleLLC.net or visit the website at AppleLLC.net.