

Increase Profits Through Product Diversity

by Dan Apple
Apple Marketing, LLC

During my career as a door dealer I can remember boasting to customers, "We only sell garage doors, that's why we're experts." It was a true statement and we were confident in this product strategy. Economic times were good, the housing market was setting records year after year and we were growing. Then in 1993 we realized that putting a majority of our eggs in the new construction basket may not be wise going forward. It was apparent that at some point housing and new commercial construction may slow significantly and then where would our volume dependent sales come from? It was at that point that we decided to become a "door company," not just a "garage door company". Over a ten-year period we diversified our product line by adding a series of products such as residential entry doors, commercial pedestrian doors, loading dock equipment and retractable awnings. All of these would be sold at the retail level, directly to the end user. Rolling the calendar forward this decision turned out to be a good one. By diversifying our product line we were able to weather economic downturns over the years and grow our business in new directions while improving our bottom line at the same time.



than a new one." So why not market more products to your existing customers? Your company can increase sales volume and improve profitability with the same customer base. It's a win-win....the customer can combine purchases with a trusted vendor saving them time while you increase your ticket price. Suddenly you are selling "packages" instead of garage doors. Instead of just selling a replacement garage door for \$700.00 you walk away with a garage door, entry and storm door sale worth \$2,100.00. You invest a little more time on the sales call but walk away with three times the dollar volume. And best of all these other products typically will be sold at a higher margin which will improve your overall profitability.

Provide better customer service – In our case customers would say "while you're here could you look at my..." and it could be anything from a storefront entry system to a patio door. In the old days we would politely decline and refer them to a competitor or lumber yard. However, once we decided to be a full service door company, we began to say "sure, we can do that" and turned the situation into a one-stop shopping experience for the customer. We learned that it took very little investment in additional inventory or equipment to support a dozen related products. Finally we could say "YES" to our customers when they wanted to buy more than garage doors. Since we had already gained their trust as their garage door professional, it was an easy transition for them to purchase even more products from us.

Put your company in more homes and businesses – By implementing a diverse product strategy, you can also add new customers that would not have otherwise needed your garage door service.



Why diversify?

Maximize your customer base – The best customers you can find are the ones you already have. Think about it. How much does it cost to add new customers? According to a recent article in *Inc. Magazine*, "acquiring new customers is expensive (five to ten times the cost of retaining an existing one), and the average spend of a repeat customer is a whopping 67 percent more



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Reporting for Duty.

Different applications call for different door profiles. That's why Janus International has developed a full line of doors to meet a variety of uses. From light duty self storage doors to full strength wind load rated closures, Janus doors offer full warranties, high durability and the greatest paint life found in the industry.



Light Duty – Models 650, 750, 850

Our light duty mini doors are customized for low impact applications and smaller (up to 10') opening sizes, such as sheds and self storage units. These doors are economical, easy to install and require low headroom. Wind load and insulated versions also available.



Medium Duty – Models 1000, 1950

Medium duty models are versatile and flexible... perfect for applications such as boat/RV and out buildings. Both have a smaller barrel, ideal for low headroom, and are available up to size 12'x14'. In addition, Model 1000 offers a push-up operation or reduced drive chain hoist and comes pre-assembled. Wind load and insulated versions also available.



Heavy Duty – Models 2000, 2500, 3000, 3100, 3400, 3652

Janus offers several 12" barrel doors with deeper guide engagements necessary for wider door curtains. Available up to 20' wide or 20' high, our doors feature universal fastening guides, certified and non-certified wind load ratings, insulation and the rugged durability needed for high-usage applications.

Whatever your application, Janus International has the right door to satisfy your requirements. Call us today to find out more about our suite of doors, or visit our website at www.janusintl.com for full specifications.



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VICES. A condo project that has no garages may need retractable awnings. Retail stores that have no bay or dock doors but may need storefront or hollow metal door service. A homeowner that has a carport does not need garage door service but may need a new patio door system. By adding related products to your line up you can attack more markets in your area.



What other products should we sell?

I suggest that you stick with related products. Rather than thinking about just doors, think in terms of access. This opens up a great number of product avenues for you. Below is a chart of some of the products that we added to our line up.

Residential	Commercial
Entry and Patio Doors	Hollow Metal Doors and Hardware
Storm and Security Doors	Storefront Doors
Interior Doors	Loading Dock Equipment
Pet Doors	High Speed and Traffic Doors
Retractable and Fixed Awnings	Automated Access Systems
Garage Flooring and Storage	Aircraft Hangar Doors

Of course this is just a small list of possibilities. The infrastructure of your service business is already there, just choose products that require a similar skill set. The key is finding quality products that your customers need or want. We were careful to choose higher quality products where the manufacturers provided excellent product support and training. Remember, when you are introducing new products to your customers you only get one shot to make a good impression.



That is why it is imperative to have a strong supplier that will help you learn as you go and support you and your customer through the purchasing and installation process.

Hurdles and Pitfalls

Convincing the troops – I remember the day I walked into the sales meeting and announced that we would be adding custom made, replacement residential entry doors to our line up of garage doors and openers. The group looked at me like I had two heads! There were a litany of reasons as to why that was the worst idea ever including “we don’t know anything about entry doors”, “our installers aren’t carpenters” and my favorite was “they (homeowners) buy those from the lumber yard”. The resistance was high to any sort of change that took our folks



out of their comfort zone. The trick was convincing our sales people that there was a market for custom replacement entry doors that Home Depot and Lowe’s could not sell, mostly due to their installation and service limitations. Their doubt persisted until we sold the first couple of jobs. They were amazed that the customers wanted a builder grade garage door but were willing to spend a couple of thousand dollars on their entryway. It did not take long for the sales people to see that this “package sale” approach meant more commission in their wallets. We also had to take the mystery out of the installation process for our installers. This was done by “dissecting” the product with the assistance of a seasoned installer. Once they could clearly see that installing garage doors was more difficult, we knew they would do a fine job with the new stuff. Another way to get buy in is to designate a “resident expert”. Rather than roll out the new product to the entire sales and installation staff, pick one person and let them lead the way in learning about the new products. Often they are happy for the recognition from their peers and that you trusted them with something new.

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Training – Early on we chose a national brand of storm doors to add to our line up. Unfortunately the big name brand did not come with good manufacturer support at the dealer level. When choosing a brand, choose quality and support over national recognition. Just like with your garage door business, the customer associates your name with the product much more so than the manufacturer's. The key to a successful product launch is training. Without proper support to get through the learning curve, your new product is doomed from the beginning. So train your sales staff, customer service people, your installers and your warehouse personnel so that all along the process your staff is comfortable with their part of producing the product. Again, lean on your supplier for this. Have your rep hold sales training sessions, make joint sales calls with your sales people and bring in technical experts to assist your installers with their training. If available to you, a plant tour is always a good idea. Seeing the product being produced gives you a better insight on how to promote it. It also allows you to see what your supplier is like behind the scenes and begin fostering a good working relationship with them.

Gear up – The good news is that most of these type of products require very little if any inventory. However the installers may need selected tools or equipment to do the installation efficiently. So when considering adding a product to your line up discuss it with the manufacturer and some of their dealers as to what special support may be required for your installers. For instance when we added residential entry doors we added a few tools to make the job easier and more professional such as a top quality miter saw and a break for bending aluminum. Other resources needed may be for your sales people and showroom. Product samples, videos, working models and even computer programs that will assist your sales people make a professional presentation.

Market your new product – Marketing our new products was not easy. For years our customer base knew us for one thing, garage doors. Your marketing program starts with your sales staff. Nothing is as effective as being in the trenches and introducing

your new products to your customers in person. Besides the obvious promotional benefit, your sales people can gauge their reaction to your new initiative. That can provide valuable feedback to your efforts. An extremely effective way to begin a conversation about your new products with customers is to require your sales people to quote them unsolicited. For instance when quoting a replacement rolling steel door, throw in an option for a replacement hollow metal exit door. If the homeowner asks for a quote on a new garage door opener, add a quote for a replacement storm door if you notice theirs is worn out.

You will be surprised as to how many additional sales are made just by mentioning your new products during a sales presentation. As much as possible, dovetail advertising your new products into your regular advertising program. The ads cost no more to add an additional product or two when you place them. Remember that your promotional pieces carried by your sales people or in your showroom should showcase all of your products. Mass media and print ads are excellent ways to get the word out about your new lines. Most importantly, do a good job of promoting your new products on your website. Remember to add the key words in your paid search program that describe or reference the new products in the markets you serve.

Finally, your installers are a terrific source for promoting your "other" products. Provide them with print material that announces your new doors, awnings or services. If they get the customer to request a sales quote, pay them a small bonus. Maybe even have a contest to see who brings in the most leads each month. Using your field techs as ambassadors often pays big dividends.



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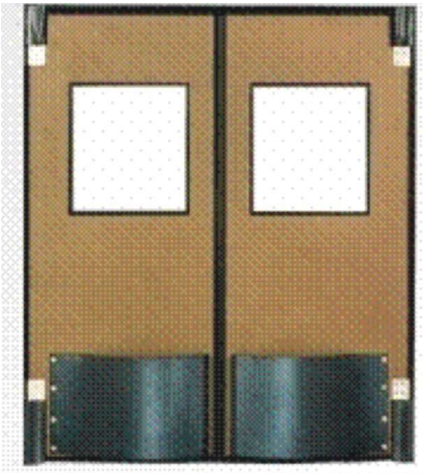
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The Payoff

Perceived value pays

– Why are homeowners willing to spend thousands for decorative doors for their front entrance but often request a quote on “the cheapest” garage door you sell? While that is not always the case, when this does happen it’s usually an issue of perceived value. The garage door located on the rear of their home is out of sight and therefore has a much lower perceived value than the front entrance where they welcome their guests. When function matches up with fashion, fashion usually wins. Fine. Capitalize on that perceived value by selling them a high quality entry door that has a matching quality gross profit attached to it! This same rationale applies to many of the other products previously mentioned such as awnings, automated access systems for pedestrian or vehicular traffic and storefront doors.



Loading the truck

– Selling garage doors only is like the fellow that loads his truck with watermelons and sells them at the farmers market. While he sells great watermelons, what if someone wants cantaloupes or honeydew melons? Or maybe there isn’t as much demand for watermelons this week. Since he has to load the truck until it is full anyway, why not fill it with all three? Especially since he can get more money for the other two types of melons. Diversity can be very profitable and help you meet customer demand.




Support sagging sales

– Since the horrible downturn in our economy in 2008, there just aren’t as many garage doors sold nationwide. By adding a diversity of products you can support your sagging garage door sales and possibly replace the lost revenue and profit. Each new product can give your organization something to get excited about. Simply put, there are more tricks in each



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sales person’s bag and that means more selling opportunities. In our case selling the “other stuff” greatly shored up our sales which allowed us to not just weather the storm but to actually increase profitability in the process.

It’s all about the profit – As I mentioned earlier, the ancillary products you select should be highly profitable. How much so depends on your marketing efforts and local competition of course, but typically the products we added were more profitable than garage doors. While garage doors remained our core product, eventually 35% of our business was “other stuff” as my staff called it. After several years had passed I asked the same folks that looked at me like I had two heads if they would like to go back to just selling garage doors. The look from them was the same. Clearly they had accepted the fact that selling a diversity of products was in their personal best interest and the company’s. Once they overcame the fear of the unknown, and saw that we could do anything we set our minds to, adding new products was easy.

Summary

The old saying, “don’t put all of your eggs in one basket,” is the rationale behind the notion of offering a diverse product line up. Are you a door systems contractor or a garage door dealer. Obviously you can be both. While maintaining your garage door business as the primary product, developing and marketing other related products can be profitable and have long term growth possibilities for your company. It’s not easy. Nothing worth doing ever is. Successfully spreading your company’s product wings takes three basic things. First you must determine what products your customers need and then choose quality products that offer substantial manufacturer support. Second, you must get buy in from your staff by proving to them that it is a financially rewarding initiative for them personally as well as the company’s bottom line. Finally, you have to market your new products. You might have added the perfect entry door line to your offering but if you don’t tell your customers about it aggressively you will waste your time and money. Your customers trust you already for garage doors so cross selling related products is pretty simple. Selling more products to the same customers is an easy way to pump up your sales and your bottom line.

