

Show Me The Money!

Are you a door dealer or a door store?

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If you're a garage door dealer and are still waiting for new home construction to come back to 2006 levels don't read any further. Just turn the page and keep moving through this magazine because this article isn't for you. However, if you understand that those days are long gone but are looking for a new direction for your dealership, there's good news so keep reading. There's plenty of money out there that can be spent with your company. You just have to go get it. As Carly Simon's hit song reminds us, "These are the good old days." Moving from "door dealer" to "door store" may be the answer.

Gone are the days of hitching your company's wagon to new home construction. Yes, your business life may have been easier in terms of volume, albeit at often low margins. The builder was king and you were constantly being pressured to drop your price and kiss his ring. How about showing up on the job as requested only to find that the door opening was nowhere near being ready for the garage door installation? Another false start and wasted time and money. For extra fun, once the door was installed and billed you had to wait, and wait, and wait some more for your money. Basically you were the bank, helping to finance the builder's job. All of this and at low profit margins to boot. Now that I've reminded you of these "benefits" of builder work, perhaps the good old days weren't always so good after all. Now don't get me wrong, not all new construction

sales were bad. In fact, in the proper mix of sales they were vital to the business' growth. Many sales to custom builders were terrifically rewarding and added much to the bottom line. But since housing cratered during The Great Recession, garage door dealers have been hard pressed to shift gears for survival. I would maintain that making such a shift could cause you to thrive not just survive.

So, if selling tons of garage doors to builders is no longer where the action is, where and how can you replace these sales? In other words, taking a line from the movie *Jerry McGuire*, show me the money! Well say hello to the "Silver Tsunami." Those 78 million Baby Boomers born in the U.S. after WWII from 1946-1964. That's where you'll find the money. And they have plenty of it. Let's look at some facts.

Baby Boomers have more cash than any other generation in U.S. They have earned more, inherited more and in general came along as America realized its most prosperous time in its history. They grew up believing that they would be different than any other generation... and they were. Boomers knew they would make a difference in the world...and they have.

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Their parents told them that they were going to have a better life than they had... and they do. Financially, they dominate all other demographics by controlling a staggering 70% of the wealth in the U.S. and will inherit trillions more in the coming years. You should know this group very well because more than likely if you own a garage door business you're one of them.



Boomers want better "stuff" and are willing to pay for it. This is especially true as it relates to their home. These same Boomers have worked hard for their success and what better way to showcase their achievements than investing in their home. They are smarter shoppers (thanks to the Internet) and want top quality products that offer superior value supported by personalized service and are willing to pay for it. The key to influencing Boomers with your brand is to engage them with a message that solves a problem. They do not just want stuff, they want solutions and will pay big bucks for them. That is why remodeling forecasts show a steady increase each year going forward of 5.9% or more. That equates to an annual increase of approximately \$300 billion each year.

Big Box Stores have evolved from "lumberyards" to "home centers." Think back, what did lumberyards look like 30 years ago? Mostly locally owned with a modest retail storefront and a huge yard devoted to lumber products and building materials. In many cases shopping there was a pretty dusty and rustic experience. Perfect for contractors but not retail. Now look at them. Except for the garden department everything is indoors like any other retail store. The modern home center store stocks everything from appliances to decorating products. Heck, they even still sell lumber but with much less floor space devoted to it. Why did they go through this transformation? They saw an opportunity to sell more products directly to this group of homeowners and at higher margins. Their business model shifted away from wholesaling "building supplies" to contractors to retailing "home improvement products" to homeowners. They knew there would be more remodeling than new construction as time passed and geared their businesses accordingly. However when it comes to providing great in-home service, they're challenged. That's where your door business can shine.

Becoming a Door Store instead of a garage door dealer puts you in the best position to take advantage of the "Silver Tsunami." As I've said in previous articles, the best customers you'll ever get are the ones you already have. So why not sell more to the same customer base? 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 than a new one. They're going



to buy entry doors, awnings and replacement windows from someone, so why not you? They trust your company, having already done a good job with garage doors, so it's a relatively easy transition to offer more products to the same customers.

To take full advantage of the tremendous purchasing power of Baby Boomers, you'll need to become more of a retailer than just a garage door distributor. The number one requirement to do this is a change of mindset. Let's examine some of the differences.

- Door retailers have a "door store" instead of a "shop."
- A door store has sales consultants that prepare presentations that offer product solutions, not just price quotes.
- Door stores offer products that can replace every door in your home or business rather than just selling garage doors exclusively.
- Door stores have a spacious and well merchandised showroom that showcases all of their products and provides an atmosphere conducive to buying. Many garage door dealers devote a small portion of their office to a working door, hand samples and brochures or have no showroom at all.
- Door stores can turn a typical garage door sale into one three times that amount by selling additional products at the same time. Many garage door dealers sell the garage door system only.
- Door stores have a targeted marketing program supported by a well thought out advertising plan including mass media and high profile Internet exposure. Many garage door dealers focus on yellow pages and may have a website.

To transform your business to more of a retail operation takes time. In addition to a change of focus, it is critical to get buy-in from your employees. Your team needs to see how

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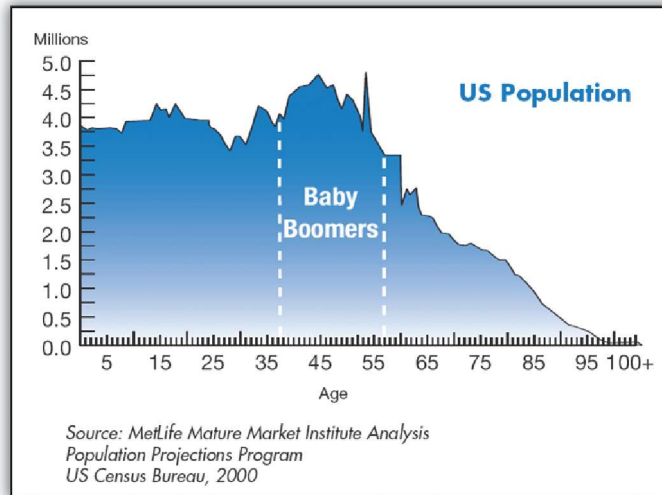


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selling more retail can benefit them personally through incentives and job security. Door stores' employees dress professionally in well coordinated logo'd apparel and consider a customer a client. A client for life that should be provided with world class customer service. Service vehicles are clean and neat at all times and provide the business with a consistent public image that customers recognize instantly. Sales consultants are early to appointments and well prepared to make the sale on the spot. They use iPads to make high impact presentations to sell not only the product but the company and its services.

Showrooms are a big part of the transformation needed to make the jump to retail sales. Does your showroom present a retail atmosphere? Baby Boomers are high-touch, high-tech oriented and want more information than ever before making the buying decision. Much should be geared to women since they make or strongly influence most home improvement decisions. A good way to do this is to allocate space to offer on-the-spot design services. Showing how their new doors will look on their home before purchasing is a big help to them. Most garage and entry door manufacturers have this technology and make it available to the dealer. Use it and you'll be amazed at the results. Showrooms should present an upscale appearance with good use of accent lights on product displays. Brochures should not be slapped up on the wall like you're hanging out the wash but rather neatly displayed by each product. Also effective is the use of video slideshows by strategically placed flatscreen monitors showing your gallery of good looking job photos, product videos and your website. All are inviting the customer to participate in a hands on manner. I recommend that you consult with a professional showroom designer to maximize your return on this important investment.



Advertising is essential to capturing more retail sales. It is not cheap and takes time, but when done well it can not only add sales but allow you to enhance your company's public image. An image that can change from the garage door company to a full service door store. You've heard the expression "go big or stay at home." That also applies to retail advertising. I am not suggesting that you can compete with car dealers spending hundreds of thousands running ads on TV. What I mean is that you

need to pick a medium or two and devote an aggressive ad budget to them. I would suggest starting with a budget not less than 3 - 5% of your sales. The worst, most wasteful thing you can do with your ad dollars is to fragment them. Advertising in yellow pages, radio, magazines, newspapers, direct mail and the Internet all at the same time stretches your budget and makes it less effective. Consider strong media like Internet and TV. Both are image building and can cast your business in a more professional light than your competition. However careful attention is needed to having professionals assist you with the creative and implementation processes. Internet advertising starts with a well optimized website that showcases your company in a way that offers solutions to their problems. An effective website is simple to navigate, invites the customer to interact with it and provides the right information including a quick way to request a quote or more information. TV is by far the most expensive yet most compelling of all mass media advertising. However, well developed and placed ads on network television create compelling top of the mind awareness that can elevate your business' image in the marketplace. While a 30 second spot might seem expensive at \$200 each, often that ad has a shelf life of sometimes months or even years. The key again is

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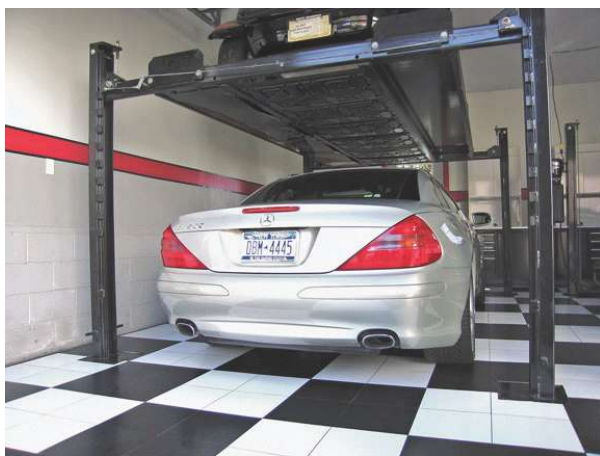
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consistency. Regardless of the retail advertising you choose, you must identify your target market, in this case Baby Boomers, and gear your message to their needs. People buy holes, not drill bits, so offer solutions to their problems...not just stuff. And the solutions they buy have to be supported by a competent consultant who'll help them through the purchase process and beyond.

Product diversity will make you a better retailer of door solutions to Baby Boomers. There's a lot of value in choosing one company to provide multiple products for your home. First, there's the trust factor. Secondly there's a communication economy. Making one phone call for three or more different products is a time saver and let's face it, Boomers are on the move. They view their time as really important and want to keep problem solving streamlined. So you see that putting your door store in a one stop shopping position can be beneficial for both buyer and seller.

So what products should you add to the line up? Probably sticking with some that complement your line up is a good start, like entry doors, storm doors, patio doors, interior doors, replacement windows, awnings, pet doors and even garage accessories like car lifts. Don't rule out any home improvement access product that requires a similar skill set needed for garage doors. Just being able to say that your company can provide any door needed for your home or business is a pretty powerful product statement and can make you a more attractive supplier while elevating you above the other "garage door guys."



The payoff for becoming more of a retail marketer is threefold. First, it can help replace the sales lost as a result of the housing downturn over the past several years. Moreover the sales replaced can be more profitable as they are less price sensitive than with new construction work. In fact, some of the non-garage door products can yield substantially better profit margins and bigger sales dollars. Second, through the process of marketing your business as a retail, multi-product "door store," you can gain greater market visibility. Creating compelling top of the mind awareness is your goal. When the customer thinks "door replacement" you want your company to be the first one



that comes to mind. And not just garage door replacement but rather any door for their home or business. Selling more than just garage doors can also allow you to gain market share. In the past your customers were those with garages. But by selling other products like entry and storm doors, your business can gain access to more customers that may not need garage door service. An example might be selling retractable awnings to a high end condo project that does not even have garages. Third, and most importantly, it's FUN! It's fun seeing sales rise again. It's fun watching profits grow. It's fun to sell different products to the same customers. And it's fun seeing your company and its employees prosper, especially having lived through some very dark economic times over the past several years.

So now what? Should you become more of a door store or continue on your current path? Of course only you can decide. Again, I am not advocating that you ignore residential new construction sales opportunities, provided they make economic sense. However as the leader of your company it is your job to set the direction. While over time there probably will be a housing recovery but it's unlikely it will be at the frenzied pace like that of 2004-07. One thing is certain though; the stats on the "Silver Tsunami" are rock solid. Baby Boomers, as a target market, are by far the most lucrative available to the home improvement industry. Positioning your company to offer a variety of door solutions may be just the ticket to get them to "show you the money."



Dan Apple is president of The Apple Group LLC, a consulting firm located in Bonita Springs, Florida. His focus is assisting garage door dealers with profitability and marketing. Dan served as president of Apple Door Systems in Richmond, Virginia for 33 years which grew to a statewide dealership with eight locations. He was the first president of the Institute of Door Dealer Education and Accreditation 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 and the International Door Association from 1994-1998. For more information, contact him at 804.640.4253 or email: danielapple@me.com or visit the website at www.AppleLLC.net.

