

“You want how much to clean my carpets?”

How often have you heard that question? Here's how to get that elusive 'higher price' and build a high-end business.



by Lisa Wagner

The dreaded price shopper is the scourge of all carpet and furniture cleaning operations.

The price shopper will take your time, your efforts, and — sometimes — your respect.

Some cleaners will “throw in the towel” and lower their prices because they don't know how to justify the prices they charge.

The determined price shopper knows exactly how to chip away at the first price quoted.

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The determined cleaner needs his own ammunition.

The most challenging barrier

As business owners attempt to craft a high-end cleaning company, they almost always run into a barrier difficult to overcome: Raising their prices.

Once that barrier is broken, and the fears that every client will leave do not materialize, the business owner wonders, “Why didn't I do this sooner?”

One problem, however, is that a lot of cleaners never get to this point.

The price/value relationship

The price a person is willing to pay for a product/service depends directly on how much he values that product/service.

I don't know if this is an officially

designated law defined somewhere in the marketing books, but it's a law of human nature I see in play every day in my rug shop.

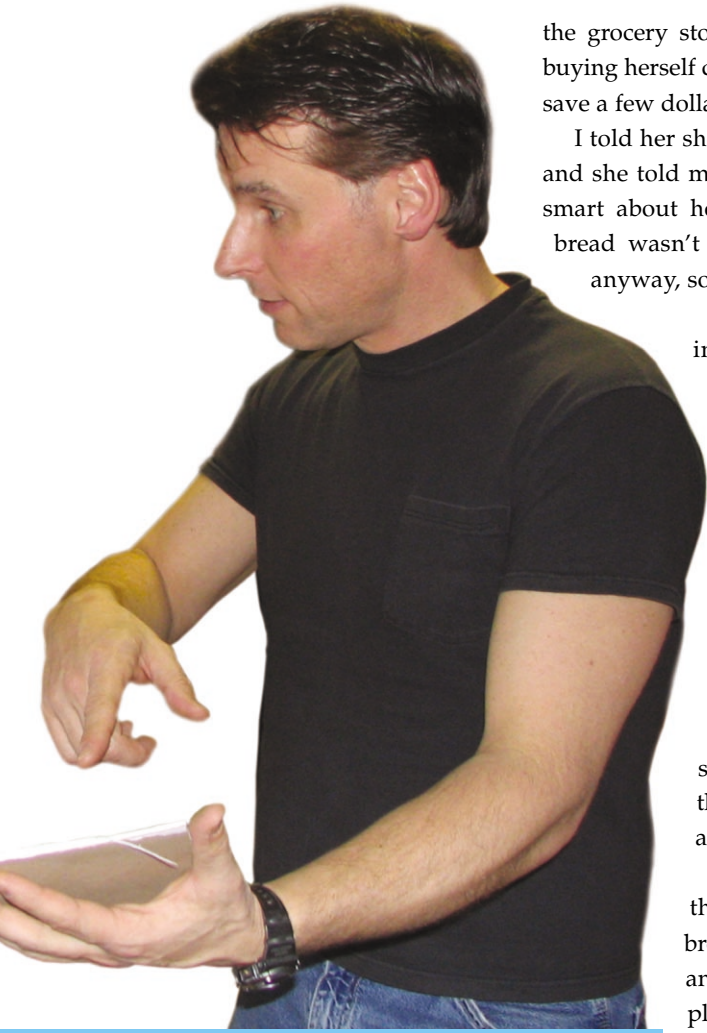
People assume that, because I run a high-end rug shop, all of my clients are wealthy, and pay higher prices because they have a much larger disposable income — but this is not completely true.

People who come to me as clients do so because they value the rugs they have in their life, and they want to take care of them.

An appraiser might look at an old rug in bad shape and decide that it has no intrinsic value and is not worth the



Wagner



the grocery store, and she insisted on buying herself day-old bread in order to save a few dollars.

I told her she didn't need to do that, and she told me that she wanted to be smart about her money, and that the bread wasn't that much better fresh anyway, so we dropped the topic.

But then something interesting happened... after I got her home, and she was looking through her mail, her Neiman Marcus catalog arrived.

She immediately saw a set of placemats, a set in a shade of red that would look very good with her décor.

I asked the price and she said, "\$200. Hmm... these are very good quality and that is a good price."

And on the same day that she bought day-old bread, she turned around and bought a set of pricey placemats.

Getting bread for herself is not important to her, so the price she was willing to pay was low... but entertaining others is very important to her, so the price threshold of what is a "good price" was *much* higher.

Do you have customers like this? If they aren't willing to pay your first price quoted, maybe they don't see the real value of your services.

Flat broke but still spending?

Even when I was a starving student in college, and Top Ramen was one of the staples of my diet, I always managed to save up enough money to see my stylist on a regular basis.

I didn't think twice about scrimping on the quality of the food I was eating, but my hair — are you kidding me?

(And for those of you women out there who have ever had a bad haircut

or color, you know that this is usually one area where going to a discount hair shop isn't even an option on your list.)

And not to sound sexist here, but men also have their own areas where the price threshold goes up really high, where in other areas they will fight tooth and nail to save that \$5.

My uncle used to drive all over town to get that extra five cents off a gallon of gas — in the luxury sportscar on which he was making "mortgage" payments.

I have male friends who will use coupons for food for the "gang" to eat cheap in front of their new plasma-screen television sets for the playoff games.

We need to try to save money on the food and get the best deal... but the game must be on the *best* screen possible.

When money is the *real* concern

Money becomes more of a concern when the item you are buying is not really important to you in the grand scheme of things.

A college education for your kids, if that is your dream, is something you will find a way to pay for — no matter what.

A man's home, the castle that protects the people he loves, will usually be a much grander purchase than his bachelor pad was (but he'll still have a great surround sound system).

And inside the home — usually the woman's realm — is the environment that she wants to make safe and clean for her family, and appealing for company that comes over.

This is why most of the cleaning clients we are communicating with are the women of the house.

The truth about "price-shoppers"...

If being a price-shopper was a sport, my sister-in-law would have several gold medals.

She can tell you what stores carry what merchandise, and when the best time is to get the best price.

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expense of cleaning.

When I look at that same rug, I see all of the labor that went in to creating that piece — that a part of someone's life went into weaving it — and find value in cleaning even remnants of rugs because I see a piece of a person's life in front of me.

And the client, who may have fond memories when she looks at the piece, may consider it priceless — and so, of course, she will pay to care for it.

Three difference views, all valid ones, and all based on where we see value.

Day-old bread and Neiman Marcus placemats

Here's a scenario that, when you finish reading it, will make sense for the carpet and furniture cleaning industry.

One day I took my grandmother to

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Whenever I mention that I like an outfit or a pair of shoes she has on, she will always reply with how much she paid and the great deal she got.

She does get some really good deals. And that's the secret for figuring out your own customers.

Price-shoppers always value the *deal* over the item they are actually buying.

They will glow about the "price" they got, and not the "thing" they acquired.

Price-shoppers always value the *deal* over the item they are actually buying.

With this focus, quality and service are afterthoughts — there is no loyalty in this scenario.

The lowest price will always get the price-shoppers.

And serious price-shoppers will be the ones to get out at 5 a.m. to go stand in line an hour to save \$50 — and will tell everyone all the money they saved — while the rest of us got to sleep longer and not go spend hours crammed, like sardines, in a discount store.

...and quality shoppers

Quality-shoppers value the *quality* of the selling experience and the item — price is not part of the conversation.

Just as there is a portion of the consumer market that are price-shoppers with things such as clean-

Life gives to the givers — and so should your business

Some price-shoppers are aggressive.

They demand a better rate, and they try to make you feel guilty by telling you all the business they will give you, or have referred to you.

When you cave in on your price, what you are saying is that you believe you are charging too much.

If you are the most conscientious cleaner in your town, and give the best service, then you deserve the price you are charging.

You have to make a living.

Give to the givers

If you are going to give a "perk", such as a free pickup service or a discount, then give it *not* to someone who is demanding it... but to someone whom you love to work with and whom is not expecting it at all.

It should be a gift to someone who is a giver... not an extortion payment to someone who is being a pain.

Stick to your guns

Choose your prices and stick to them.

You've built this business with your own hands, and you write your own rules, one of which should be to do business only with those people who value and appreciate what you do.

When a customer does not like your prices (your rules) then tell them politely that there are many other cleaning companies they are free to use.

If you are prepared to fire a customer and turn away business, then you have true freedom... and usually, when those customers come back after bad cleaning experiences elsewhere, they are surprisingly much better behaved.

— L.W.

ing services and consumer goods, there is also a good portion of the populace that is just the opposite.

Not that they want to waste their money... they just place a higher value on the delivery of quality goods and

services; and that value raises their threshold of what they will gladly pay for.

Pride of spending

Another element at play at times is "pride of spending", where some people like the "status" of purchasing certain services and products from certain providers.

There's something nice about going into an exclusive restaurant and being treated like royalty, or getting those

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Knowing your customer will help your business make the sale.

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floor seats at the Lakers' game. On special occasions you will splurge to have those experiences because price isn't what's important... the experience is.

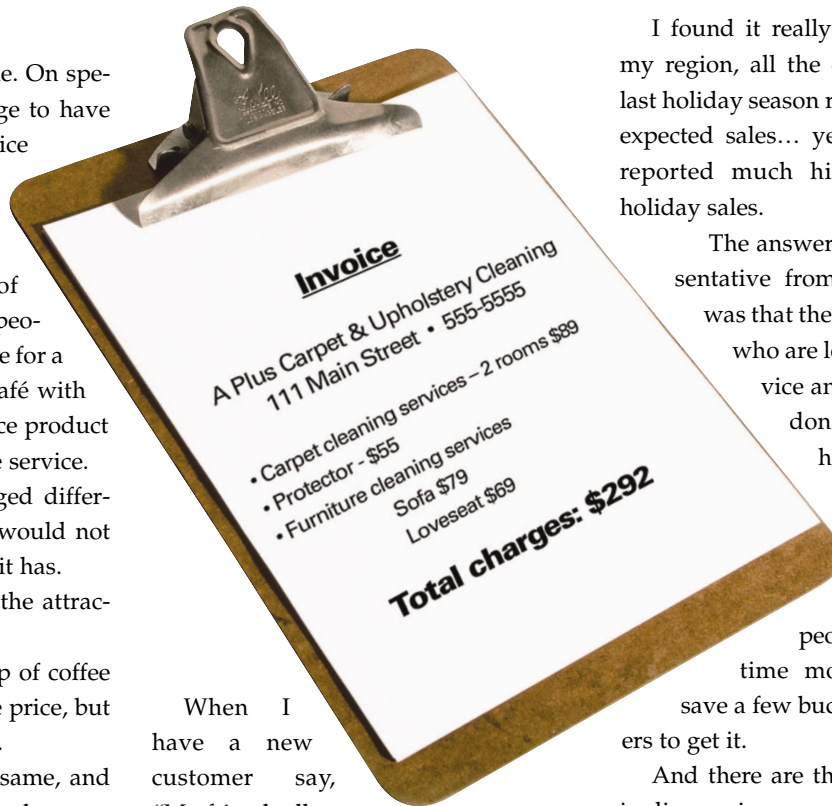
On a smaller scale, Starbucks is a great "pride of spending" example, where people at all income brackets come for a sense of community in this café with coffee packaged in a high-price product and delivered with high-price service.

If the outlets were packaged differently and at lower prices, it would not have the level of success that it has.

The price point is part of the attraction. It gives it exclusivity.

You could get a decent cup of coffee elsewhere for a fraction of the price, but it's not the same as Starbucks.

The experience is not the same, and carrying around the cup is not the same small "status symbol".



When I have a new customer say, "My friend tells me you're expensive, but that you are the best," I smile — it is nice to have your company be seen as a status symbol.

Why the world seems full of price-shoppers

The world seems full of price-shoppers because marketing is flooded with pretty much all price-related advertising.

"Lowest price ever!" "We'll beat any competitor's price!" "Buy two get one free!" "No payments until 2007!"

And these ads attract exactly who you think they would — price-shoppers.

If your company's advertising is focused on price, then you will attract the same. You will get customers in need of cleaning who are looking for the lowest price they can find.

I found it really interesting that, in my region, all the discount stores this last holiday season reported lower-than-expected sales... yet the luxury stores reported much higher-than-expected holiday sales.

The answer given by the representative from Sax Fifth Avenue was that there are a lot of people who are looking for great service and great quality, and don't want to stand in huge lines to get it.

Straight to the point, and exactly right.

There are people who value their time more than trying to save a few bucks and fighting others to get it.

And there are those who find value in discovering a company that will provide great service, quality work, and get the work done right the first time.

Filter out the price-shoppers

The best filter for price-shoppers is to have *higher* prices than your competition.

It allows you to find clients who have better expectations.

If the price you are charging for what you do is low compared to your market, then you will attract price-shoppers who do not value what you do and are just trying to get an end result of cleaning as cheaply as they can.

By raising your price, you can filter out those who truly do not value your expertise or work, and start attracting those clients (wealthy or not) who place importance on having quality cleaning and quality service from a quality company with quality people.

Why you deserve higher prices

One frequent obstacle clients I consult face is they, personally, would not pay the prices I'm suggesting.

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Part of this is a reflection of their expertise; because the more details you know about a particular craft, and can do-it-yourself, the less likely you will pay others to do it — unless you value your time enough.

But the fact of the matter is: You are not your client.

If a client has children with allergies and wants her home comfortable and healthy for her children, she will clean more often and will pay more to protect what is important to her — her kids.

Beyond that, many clients that come to my business do so because of the service and the people they interact with.

Most companies have horrible customer service, so when you discover a company that is a joy to work with, you naturally find reasons to want to go back, and to tell others about them.

Customers want to feel appreciated and taken care of, and there is enormous value attached to that... one that needs

to be reflected in your price as much as the technical quality of your work does.

Just because you would not pay your prices does not mean that higher prices are wrong or unfair.

If you are the best in your business, in craftsmanship and in service, then not charging a price that reflects that to everyone is a crime to yourself.

You should be able to generate a revenue that allows you to give your team the best education and training, to use the best quality chemicals and equipment, and pay them (and yourself) enough to create a good life for your families.

Cleaning becomes a commodity only when you decide that you are going to price yourself so that you only work for price-shoppers.

When you decide that you are the best at what you do, and want to work with clients who are looking for the best, you shift your-



Why you need higher prices

Remember the coffee commercial where an instant coffee was “secretly” replaced for the usual coffee in a five-star restaurant, and the customers interviewed said it tasted great?

They used the commercial to say that their coffee was good enough to be served in an exclusive restaurant. What they failed to say was that these customers *expected* to taste great coffee.

When you go to a five-star restaurant, you expect great food and great service, and — of course — great coffee.

Customers come in with a complete set of expectations for having a great experience, and unless something out of the ordinary happens, they will have exactly that.

The same coffee served at McDonald’s would have had a different set of expectations, and people would have been more particular about deciding whether they really liked it or not.

They might have said it was OK or good, but not five-star restaurant “great”.

This is an important psychological point to pay attention to, because you want to structure your company so that customers come to you *expecting* to have a great experience.

When you buy cheap, you expect things will not go right.

When you buy pricey, you expect things will go well.

Now, which would you want: Clients who come to you expecting you to screw up, or ones expecting you to do well?

— L.W.



self from the "commodity" status to a "quality experience" status — and when you take the steps to make your company a high-end operation.

Are you a discount store or a specialty store?

Discount stores obviously provide needed services to a lot of people, in many income brackets.

For goods that are commodities, like paper products, staple foods, and a whole host of essentially disposable appliances these days (when they break it's cheaper to buy a new one than to fix it), places like Wal-Mart fit the need perfectly for many.

Companies like these advertise based on price, and though it is a great place to get a great deal on items you aren't too choosy about (like your toothpaste), it is not a source of high-pay and benefits for employees.

When your company battles on price, this doesn't give you much leeway to craft great, long-term job opportunities

for others.

The specialty store is something entirely different.

If you look at some popular pieces of technology on the market today, you see products that are innovative and stylish, and it is these items the specialty stores want to stock.

These specialty stores have spacious

By raising your prices, you open yourself up to dealing with only those looking for a really good cleaning experience... and will pay for exactly that.

showrooms and associates who are friendly and willing to help. They have technical support to make sure you are able to use your new product.

These stores are not the cheapest, but they keep busy and have faithful customers.

It's the package they have, not the price.

By raising your prices to better fit the services you provide, you will filter out those people who buy your services based on price (because the service is not

important to them) and open yourself up to dealing only with those looking for a really good cleaning experience... and willing to pay for exactly that. □

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