



Visit Our New
Building Resource Center

MAKE US YOUR FAVORITE

NEWS LETTER

MESSAGE

HOME + BEST PRACTICES + PRO ZONE + VIDEO INDEX + ONLINE TOOLS + VIRTUAL TRADE SHOWS

News Index

Industry News

[ISH North America](#)

[New American Home](#)

[International Builders' Show](#)

Pro Zone Index

[On the Jobsite](#)

[At the Office](#)

[Sales and Marketing](#)

[Industry News](#)

[New Products](#)

[Design Ideas](#)

[Contractor Stories](#)

Newsletter Signup

Subscribe to HGTVProFile for timely information on new products, best practices, professional advice and more.

SUBSCRIBE

Too SLOW for video?
 Switch to high-speed internet!

To locate cable modem service in your area [click here](#).

ProZone

Get Pricing Right

print this page

email to

Pricing is always a concern to contractors. If their prices are too high, they worry that they will lose customers. If they're too low, they may lose the entire business because they won't pay their bills.

Get \$250 off attachments
 with select John Deere Riding Lawn Equipment.*
*Disclaimer Information: View Details

JOHN DEERE [See the Line Up ▶](#)

At a workshop at ISH North America 2004 Ellen Rohr addressed this problem. Ellen writes a monthly column for Plumbing & Mechanical magazine and is president of Benjamin Fran Plumbing, a national franchise company. Here are some of the highlights from her work

We're talking about a revolutionary approach to pricing. I think that contractors would be served if they ignore what their industry is doing — time and material, flat rate — and look at very creative progressive industries outside of our world: industries whose customers are paying more but to whom the convenience, the service, the packaging of the products and services are so valuable that they say yes anyway.



For example, once upon a time, no one would have imagined that you would spend four dollars on a cup of coffee. But what did Starbucks do? Number one, they named their sizes differently. So now you're not comparing the cost of a small coffee to a small coffee at a shop. They call a small a tall, and we all have gotten used to it. They call the biggest size a venti. We don't even know what that means! But we buy it anyway. So Starbucks changes apples to oranges, so the customer now compares apples to oranges.

Then they packaged their coffee the way people really want to drink it — dark, strong, full sugared. They packaged the coffee itself so that even people who were never coffee drinkers before are now coffee drinkers. And they made it super convenient to stop in and get or there's a Starbucks everywhere you go. They've packaged their product in such a way that price becomes a non-issue.

Contractors can learn from this. How fast does the customer want the service? There's a price point for that. How nice does the customer want it? There's another price point for that. The customer is on a budget, is there a way that we can finance the service or products for the customer?

Fed Ex is a perfect example. "You want it first thing in the morning? There's one price a little higher than all the rest. If you want us to deliver it on Saturday, that's no problem, Mrs. Smith. But there's a little extra dollar amount for that."

Contractors understand as that there will always be challenges with pricing. There's always going to be that expression on the customer's face when you lay out the price, no matter how cleverly you have packaged it. So your goal is to just take the pain out — to make it as painless as possible to empathize with them. "I understand, Mrs. Fernwick, that it's a lot of money to buy Jimmy Choo shoes. But we can take care of the problem today. We will clean up the mess. You'll never know that we were here, and you're going to have a lifetime warranty on your new faucet. And in fact we're going to make the faucet in the other bathroom match because you've never liked that one anyway."

If you can package your prices like that, you can at least take the pain out of them for your customers. The problem is in our industry the hourly rate — fifty, sixty, seventy, one hundred dollars an hour — won't support your business. That's why we have to get creative.

HGTV + DIY NETWORK + FOOD NETWORK + FINE LIVING + SHOP AT HOME + GREAT AMERICAN COUNTRY + AI



partnering with



© 2005 Scripps Networks, Inc. All rights reserved. Privacy Policy | Legal Info