

# Price vs. Value

*How to get your rate even in a down economy*

**W**ith new home construction in free fall in the 2009 economy, there's more competition than ever before in the painting industry. Painting contractors who used to depend primarily on new construction are shifting gears, moving into residential repaints to fill the void caused by the slow economy.

In order to compete successfully you may be tempted to lower your prices, but don't do it. Don't get caught up in low price wars. Stick to your guns. Instead direct all your attention to what your potential customers really want: value. In a recent survey of what homeowners are looking for when hiring a painting contractor "the lowest price" didn't even make the top three!

Below is a list of four qualities your ideal customers are looking for. The smart money is on reassuring customers that you and your company are the best to meet their needs.

1. **Quality.** Customers want to know you'll do the job right, and that you're using the best products available.
2. **Honesty.** Tell customers when you'll start the job, and when you'll be finished. Then be sure they know the price you agreed upon is the price they will pay (barring any extras after starting).
3. **Guarantee.** Put it in writing that they will be satisfied with the end result, and the job you did will last for a specified period of time.
4. **Price.** Contractors often expect price to be the number one concern among customers. In reality it ranks behind the other three. The top three, when grouped together can be described in one word: value.



Our painting business is located in a small city in Ohio – one of the states hardest hit in the current economic slow down. Yet, 2008 turned out to be our best year ever. We did about the same number of jobs, and had the same size crew. However, we made more money. Why? Because I took the time to explain the real value my customers would receive by doing business with us. As a result, I was able to increase my prices by about eight percent.

You will discover most of your customers are willing to pay more if you provide sufficient value to warrant a higher price. Be sure to always put value first in the mind of your customers. Understand that your value determines the price of a painting job, not the other way around.

## Define value

So what is value? It's what is important to the customer. It's what they need, want, and are willing to pay for. Your job is to provide real value through the services your company supplies that will satisfy their needs and wants.

As the economy tightens, each and every job counts. Painters and other business owners can no longer afford to just go through the motions saying whatever they think the customer wants to hear during a sales call. If your marketing message sounds the same as your competitors, your customers will find it difficult to determine the true value you provide. Without any real

uniqueness your painting services become just another commodity.

Stand out by finding a powerful way to differentiate yourself. Otherwise, the only way left to compete is price. Never let that happen. If your



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business has reached the point where you can only compete on price then it's probably time to get out of the business. There will always be someone willing to undercut your price. Providing more value than your competition should be your No. 1

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priority. Just be sure to communicate to customers how that value benefits them. They will pay a higher price if you're sincere, and, if you give them what they're looking for: real value.

Take a look at what you're already doing. Even if your competitors are doing the same thing, but no one else is drawing attention to it – maybe you should be the first. In my own painting business, for example, I'm sure most of my competition

would come back to fix something that's not right even after being paid in full. But few of them ever bring the subject up to the customer hoping that will cut down on the frequency of actually scheduling time to go back to a job. I make it a selling point by explaining to my customers that they take absolutely no risk in hiring my company because we offer a 100 percent satisfaction guarantee.

John D. Rockefeller once said, "Next to doing the right thing, the most important thing is to let everyone know you're doing the right thing." Marketing and sales are the lifeblood of your business and is always the best use of your time. Remember every prospect is looking for the best deal. This does not mean the lowest price; it means the greatest value. People will pay a higher price if they understand the value of doing business with you. **PPC**

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