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Use Smart Marketing to Increase Service Plan Sales by 50%

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What if I were to offer you a surefire way to increase your closing percentages by as much as 20%? Or add 23% to each new residential installation. What if that same approach enabled you to drive revenue in your “shoulder” months, and protected your customer base from the assault of utilities, low-ballers and consolidators. You’d get pretty pumped about it, right? Well, it’s staring you right in the face. It’s called your service plan. And if you read on, I’m going to give you some surefire ways to increase your plan sales by over 50% and increase your renewals without even trying (alright, you will have to try some, but it will be worth it.)

I can make this claim because I just got off the phone with one of our clients, Jim Gerdson, who runs a very nice HVAC company in Cincinnati, Ohio. Using our marketing program, and adding a few twists of his own, Jim doubled his service plan sales in less than a year. And he even raised his rates in the process. Can you do even better? Let’s examine the possibilities.

Key to Ongoing Profitability

By and large, most of the industry has woken up to the value of promoting service plans. Service plan champions like Ron Smith, Charlie Greer, Matt Michel, and others have done a nice job of pointing out how critical service plans are to creating customer loyalty. By getting you in the house one or two times a year, you create an opportunity to sell up repairs and installations, and help keep competitors out.

Two years ago at an industry conference, Jackie Rainwater, shared some data from a study he had conducted on his own company in Atlanta, Georgia. When the lead source for new equipment was a service plan customer (they have 10,000 of them), they closed on the first call 23% more often. What’s more, the average selling price for equipment was \$800 higher than on leads that came from the Yellow pages, for example. Multiply that times all the jobs you do and you can see the huge potential impact.

All of this makes perfect sense. The more someone knows and trusts you, the more likely they’ll buy from you at higher prices, with less shopping around. They’re also

more likely to take your advice about choosing a higher end piece of equipment or adding some other comfort features.

If all this is so evident, then why do so many of you have such a small percentage of customers on service plans? Why can two companies of similar size, in the exact same community, have vastly different numbers of plan enrollments? Why do you have lots of drop off with renewals? Better yet, what can you do about it? We’ve worked with over 70 companies to revamp the way they market service plans. And a key problem is that too many of you are just trying to sell your plans, rather than market them. Here’s some of the traps we find:

- 1) You rely too much on your techs to sell the plans.** Your techs should play a key role in selling these things, but they’re not enough if you want to take full advantage of the real opportunity. These are guys who chose careers that enable them to work alone 95% of the time. No matter how hard you work with them on selling, half of them will still do a miserable to mediocre job of it. Keep training them to sell better. Run contests and prizes and give spiffs and the works. But give them sales materials that make it easier for them to sell, and create ways to sell plans that don’t rely on them.
- 2) You don’t preach to enough sinners.** When you rely exclusively on your techs or dispatchers to sell, you only hit the customers who are already calling you for service. That’s a start, because it secures regular future business, but what about all the rest? Some of you have thousands of customers in your data base who used you once and not again. These are the ones who are more likely to go somewhere else when it’s time to replace their equipment. You could be farming these much more effectively.
- 3) The way you promote plans now reduces renewals in the future.** Here’s what I mean. I call you for a repair. Your tech comes over. He diagnoses the problem. Then he tells me (or shows me in the flat rate book) that

if I get a service plan today, I'll save 10 or 15%. What's more, since he'll do the tune-up now, he can waive the diagnostic charge.

I'd be silly not to say yes. The problem is that you've just demonstrated to him why he doesn't really need to renew. He knows that if his system breaks down in the future, he can just call and get the same discount by securing a plan then. And since there's a good chance nothing else will break down next year, he can choose to wait. Most important, you never really converted him into a "true believer"—someone who believes in the value of a regular tune-up, the benefit of priority status, etc. You've just made a discount pitch that makes sense given the repair reality of today. I'm not suggesting that you abandon this. Just that you add other tricks, and compensate for the inherent problem with marketing materials that support renewals.

4) Your forms are designed for the wrong people. Look at your service plan itself. Is it a marketing document or an operations one? Does it reflect the operational needs of your company or the buying needs of the customer. Does it make any compelling case for why I should always have the protection of an agreement and how much value I receive—whether or not my system ends up needing repairs? Does it sell them on the virtue of a regular tune up in any real way? What kind of paper is it printed on? How does it look? Is it easy to follow and understand? Do your legal disclaimers take up more space than your coverage?

Remember, you're asking someone to fork over between \$80 and \$350 for something they can't see. They're buying prevention of problems, increased efficiency they can't realistically track, and discounts on repairs they may never have. Just having a list of seven or eight bullet points with expressions like "save money on energy", "get discounts", or "priority service" doesn't do enough. Even if your techs did a good job of thoroughly explaining all of these (and they don't), how much do you think your customer remembers 12 months later, or when their spouse comes home from work and asks them why they laid out the money

Maximize your opportunities

None of this matters if you're satisfied with the status quo. But if you believe that service plans are critical to your company's future, then it's time to move beyond just tech selling. To maximize your opportunities—you need the following:

- A specific brochure that educates customers about the reasons they should always have a your plan (and I don't just mean a new way to show bullet points). It should effectively demonstrate the benefits of an annual tune-up, it should lay out potential savings in ways that really seem substantial, and it should make real the benefit of priority service. Most of all, it should not just sell your plan, it should sell your company. Because a major reason homeowners buy your plans is to access your superior service. It's what gives them real peace of mind, more than any 10% discount.

Your techs can hand this brochure to customers when they go down to do a diagnosis, you can use it as part of a direct mail campaign to your customer list (those whose homes you are not currently in) and you can include it with renewal bills.

- Your forms themselves should be transformed into marketing documents. Of course, leave room for all the technical and legal stuff you need. But make them look professional. Print them on high quality paper stock. Simplify them. Organize coverage in an easy-to-follow manner. Make it look like they really got something for their \$250.

You'll find that not only will your customers respond better, but so will your men. One of the things Jim Gerdson told me was that once he gave his guys the better materials, they were much more confident in presenting their coverage to customers.

- Find other ways to promote your agreements. Your newsletters are a good place to start. The more familiar customers are with the concept and benefits, the more likely they'll buy in the future. Articles could include stories about customers who saved a lot with your plan, savings projections from regular tune-ups (including extended equipment life,) etc. You should add-on an educational component to your tune-up service ticket. It describes what you've done and it's so important to do it regularly.

We Can Be A Great Help!

If all this seems like a lot, don't worry. Implement it in stages. But get going now. Few things may be more important to the future of your company. We have tremendous expertise helping companies achieve great success. We can analyze your communications programs, convey value, build trust and come up with stuff you never even thought of...Call us today!