

The Number 1 Pricing Mistake Profit-Hungry Pest Control Operators Must Avoid

PEST CONTROL MARKETING



- Ryan P Levesque

It's been said that on average, people spend more time shopping for a TV than they do figuring out where to invest their life savings. Irrational? Definitely. But in life - and in business - it's not uncommon for us to spend too much time focused on day-to-day minutia, and too little time answering the BIG questions that really matter. Take the topic of pricing for instance. When it comes to answering the question, "What should you be charging for your services?" Most pest control operators spend too little time answering this strategically-important question. And when they DO tackle the question, they typically rely on one of the following two "quick-and-dirty" approaches:

The Two Most Common Pricing Approaches

1. The Competitor-Focused Approach: By far the most common pricing strategy I see PCOs use is to look at what their competition is charging, and price themselves slightly higher or lower, depending on whether they want to be positioned as the "premium" brand - or the "budget-friendly" brand.

2. The Markup-Focused Approach: The second most common approach I see PCOs use is to look at their costs: chems, fuel, payroll, etc. and markup their service based on how much profit they want to make.

And the strategic planning usually stops there. In fact, if you're like most PCOs, then you probably priced your service using one or both of these approaches, started booking work, and moved on, right?

Well here's the rub: If you've relied on either these two pricing approaches mentioned above, then you're potentially leaving BIG money on the table.

Because there are four common pricing mistakes PCOs make, which once fixed - can literally add tens to hundreds of thousands of Rands to your bottom line. This article focuses on the FIRST big mistake.

Pricing Mistake #1: Not Offering Basic / Premium / Deluxe Options

There's a psychological reason why you MUST offer a minimum of two (but ideally three) service level options to your pest control clients. The reason has to do with our brain's desire for COMPARISON.

You see, as consumers, our brains have been trained over the years to compare one deal to another. We all like to consider ourselves to be "smart shoppers". And whenever a price is quoted to us - no matter the situation, our brains

immediately and automatically try to answer the question: Is this a good deal or a bad deal? And we almost automatically ask ourselves, "Can I get a better deal elsewhere?"

So when you only offer ONE price to a client (e.g. "Mr. homeowner, the cost to service your home for pest control is R826 bi-monthly), you invite your prospect's brain to compare YOUR price to something outside your control. More specifically, you invite your prospect to compare your pricing to your COMPETITION.

However... When you offer your prospect two or three options to COMPARE and choose from, you effectively turn your prospect's attention AWAY from your competition, and fixate their brain on the question: "Which is the best deal in front of me? Option A, B, or C." And what you're doing, is effectively comparing YOU against... YOU! You're now comparing several alternatives, each one of which you have complete control over.

That's the first step.

But here's where it gets really good:

To really take full advantage of the psychology of comparison pricing, it requires using a strategy known as "decoy" pricing. Here's what that is exactly.

You see, when you offer your prospect three possible options, you introduce a "compare and choose" problem. This is good. But the "catch" is, you don't want to make the problem TOO difficult to solve. (The brain likes solving problems that are relatively easy to solve - not ones that require a calculator and spreadsheet...)

This is where decoy pricing comes into play, and here's how it works:

You start by offering three options, with one option (usually the middle option) priced as a complete "no-brainer" - this is positioned as the obvious choice.

The first option is priced as the "basic", budget-friendly option, but doesn't include the benefits the prospect really wants (we'll get to an example in a minute so you can see what this looks like in real life). Then the "middle" option is priced slightly higher - usually by 10-20% - and includes all the benefits the prospect really wants. Finally, the "deluxe" option is priced significantly higher - and includes just a few additional bells and whistles at what feels to be overpriced and perhaps might even be considered extravagant.

Here's what a "decoy" pricing structure might look like in a real life pest control scenario:

Option A: Basic Service (R686 bi-monthly) - includes "basic pests" only (crickets, silverfish, millipedes)

Option B: Complete Service (R826 bi-monthly) - includes "basic pests" + ants + roaches + attic dusting + cobweb cleanout

Option C: Deluxe Service (R1386 bi-monthly) - includes Complete Service + yard treatment
See what we've done here?

When you look at this pricing table, Option B - "Complete Service" is the obvious choice for most consumers. And at R826, priced against the two alternatives - it looks like a great deal. (For just R140 more than the "basic" option, you get ant and roach treatment included + attic dusting and cobweb cleanout.) Option A doesn't solve the problem the prospect is trying to solve - and Option C seems a bit overpriced for what you get. Option B is firmly-positioned as the "no-brainer" choice.

*Note: When you use this or a similar pricing model, you will get some customers who opt for your most deluxe package. There are buyers in every local market who want "the full package" - just like there are fast-food customers who order extra cheese and bacon on their burger, extra-large fries, and an apple pie to go. They want your top-of-the-line package - no matter the price.

So let's do a quick recap and analysis on why this is so effective:

If you compare this strategy above to offering ONE option at R826 for bi-monthly service, what's the big difference? Again, when you offer just ONE option, your prospect's brain scrambles to try to figure out "Is that a good deal or a bad deal?" And with nothing immediately available to compare it to, the brain turns its attention to your competition.

But by using a THREE option "decoy" pricing strategy - as outlined above, financially the end result to the client is the same: The cost to the customer is still R826 bi-monthly to treat their home. But EMOTIONALLY and psychologically, the customer feels much better about the decision, because instead of introducing that R826 option in a vacuum, you've positioned that same R826 option as being a great deal when compared to the two possible alternatives you present them with.

So, the big takeaways? Compare you to YOU, offer three options, and consider using decoy pricing...