



# Good, Better, Best

A Pricing Guide for  
In-Home Sales Reps  
to **Win More & Boost  
Revenue**





## Contractors want High Profit Margins

and consistent work, but intense competition and market shortages make it difficult to finish first. Help homeowners choose you every time. Offer tiered pricing to attract new high-spending customers and price-conscious ones alike, dramatically boosting revenue despite market conditions.

The home improvement industry refers to tiered pricing as “good, better, best pricing” or G-B-B. The benefits of offering this value-based pricing option to homeowners come from three approaches whatever the competitive landscape. Rafi Mohammed for Harvard Business Review explains the following approaches in his article titled, “The Good-Better-Best Approach to Pricing.”



**Offensive plays aimed at generating new growth and revenue.**



**Defensive plays meant to counter or forestall moves by competitors.**



**Behavioral plays that draw on principles of consumer psychology.**

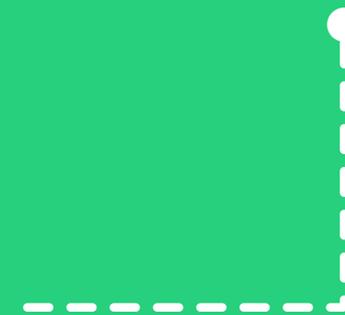
# The Power of Choice

Customers prefer having choices to feeling pressured to buy or not buy. Harvard also said, “Customers prefer having choices to feeling under an ultimatum, so three differently priced options can give them a sense of empowerment” and “when faced with multiple options customers tend to decide more quickly whether they are going to buy something, using their remaining time to focus on what they want to buy.” When homeowners treat the lowest cost as a “sunk” cost, they usually upgrade to a “better” option.



## "The Goldilocks Effect"

Home Improvement Companies use G-B-B pricing to capitalize on the “goldilocks effect.” This is, according to HubSpot, “The premise that people are inclined to seek ‘just the right amount’ of something. In the context of pricing, businesses capitalize on the effect by offering three versions of a product at different price points: one high-end, one middle, and one low-end.” So G-B-B pricing is a psychological pricing strategy that helps you differentiate your services, entices homeowners to compare price, and choose one that best fits their needs.



# How To Implement G-B-B In Your Business



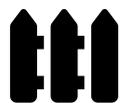
**Brainstorm your price points and features** - So that you can help customers learn about how they can work together and reflect value.



**Decide how many product versions to offer to your customers.** The most common approach to this is three.



**Only offer one price option? Select it as the “Better” option.** Now, create a package that increases quality for a “Best” option and lower quality materials for “Good.”



**Choose the ‘Fence Attributes’** that will separate “Good” and “Better” like window types or warranties.



**“Best” Packages should appeal to a wide segment of homeowners,** but ideally have a low step-up cost to keep high margins like a better warranty.



Traditionally, **no more than four attributes** should differ between Good and Better and Better and Best

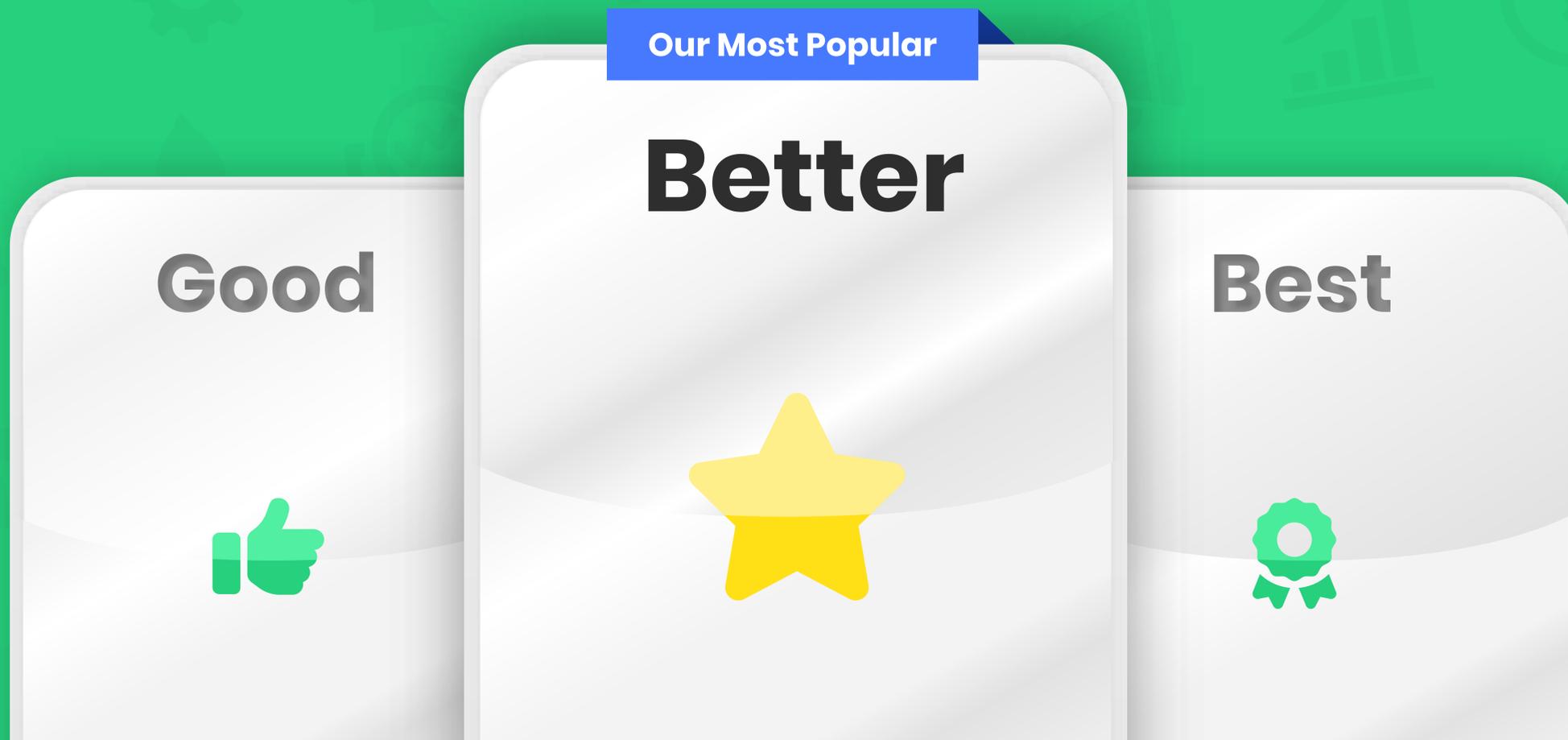


**Benefits of Good should be retained** in the higher-prices offerings so that every step up the ladder is a clean improvement.



**Maintain a consistent progression of benefits** from Good to Better to Best, so that customers can clearly see benefits.





## Defining & Pricing Bundles for Your Products

Offensive plays help you **grow revenue** by increasing margins, more accessibility, increased brand perception, and related or complimentary services.

10-20% should come from Good , 25-50% from Better, 30-60% from Best.\*



Pay close attention to the price gaps between Good and Better and Between Better and Best.



Don't set a Good price that's more than 25% below Better.



Best price should not exceed Better by more than 50%.



Create names for your packages that allow homeowners to quickly identify which option is best.



It's a good idea to create names that delineate a particular benefit.



Leverage your team to help understand homeowners' willingness to pay more.

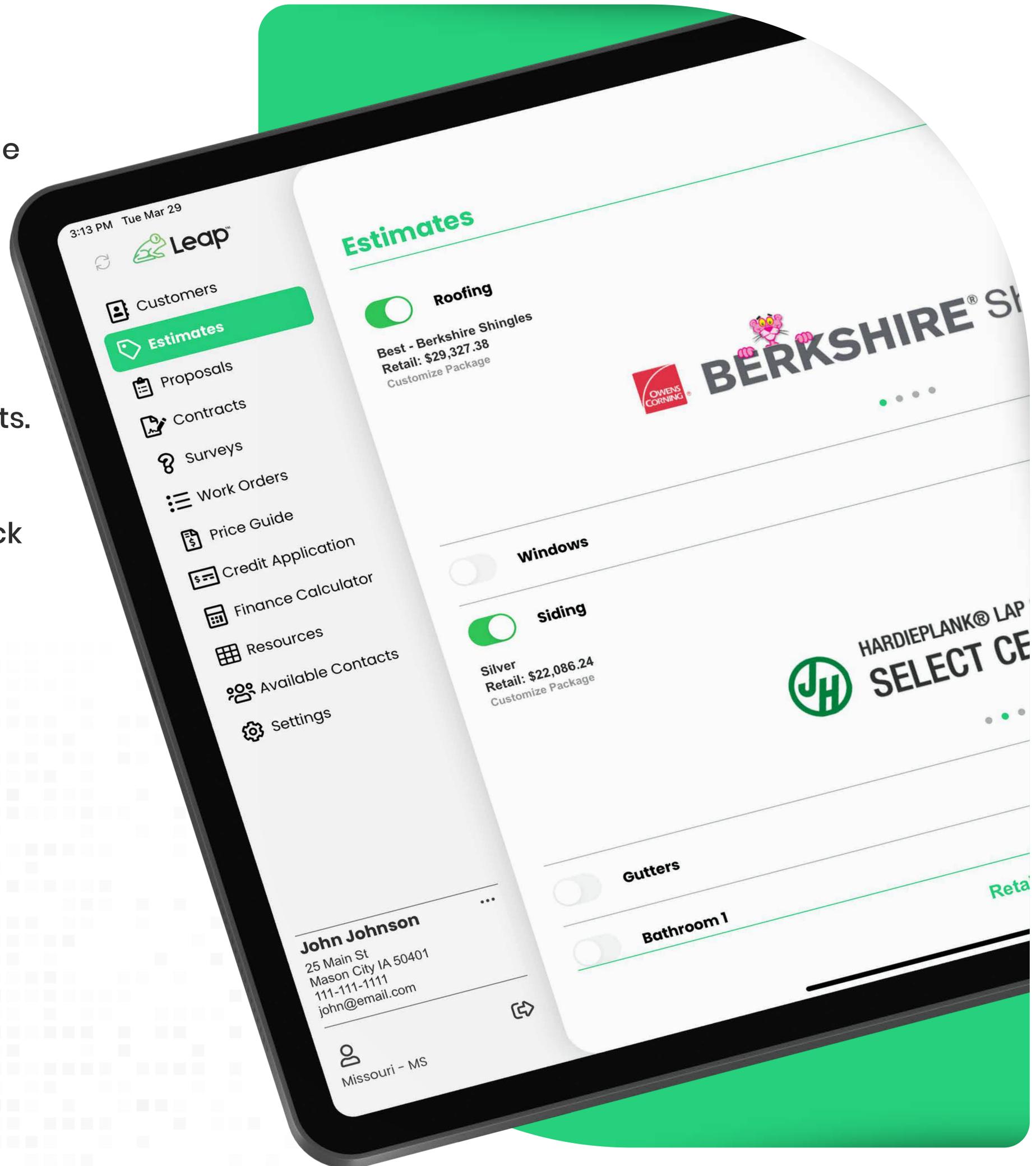


## Homeowners Want More than Pricing Options, **They Want Payment Options Too**

Technology helps home improvement businesses accept payments securely without needing to manually record the transaction. In addition, you can use tools to offer financing options to close more deals. Finding a solution that allows you to present price, send documents, accept payment, sign contracts, and secure financing is a big win for the industry.

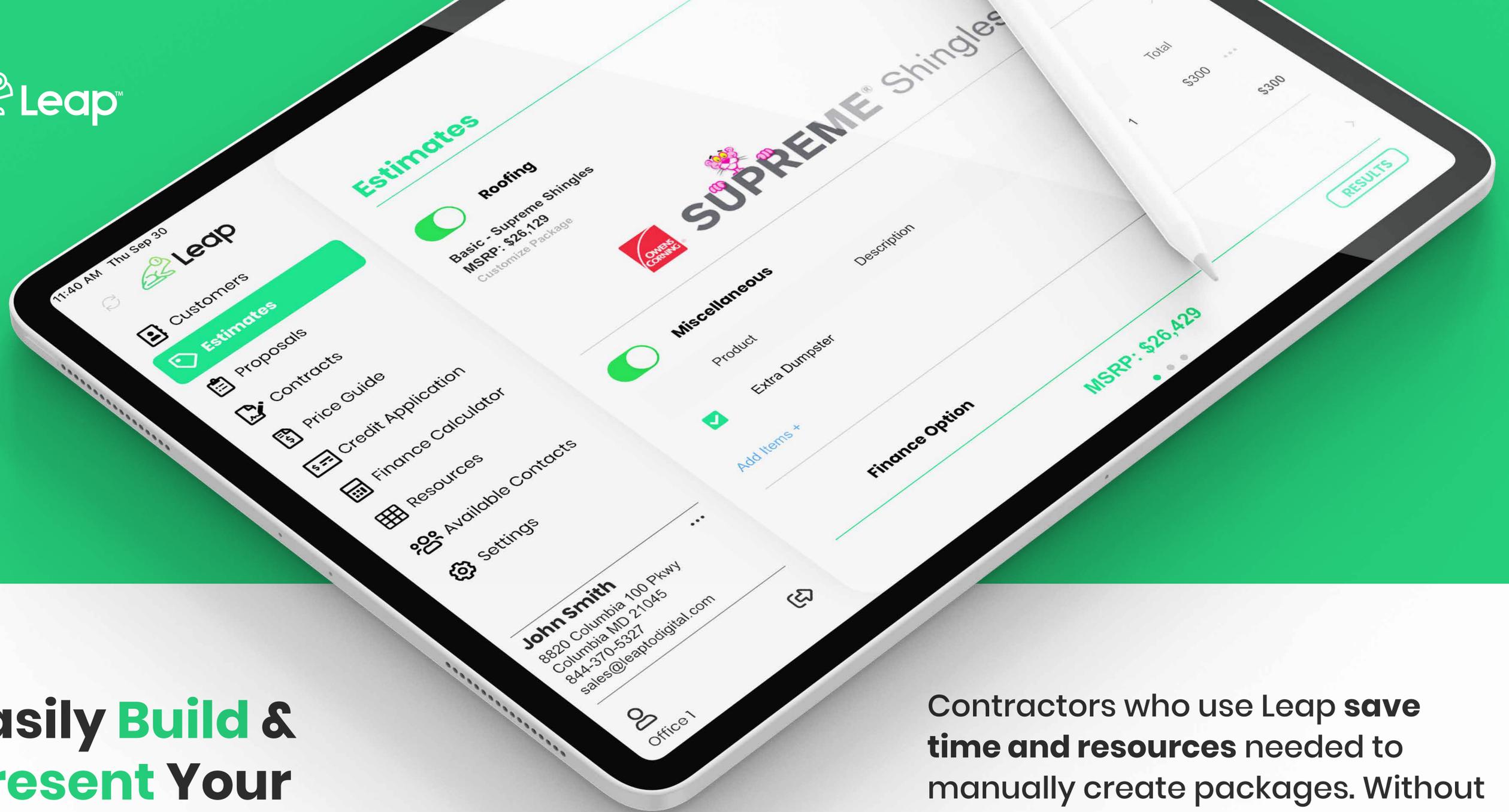
# Who is Leap?

Leap is completely customizable software designed to manage all aspects of your in-home sales process including creating estimates in just seconds, generating proposals and contracts, creating work orders, and tech measure sheets. You can also submit and get approval of financing, collect credit card payments and check capturing, and e-signatures!



## Sources

<https://hbr.org/2018/09/the-good-better-best-approach-to-pricing>



## Easily Build & Present Your Product Packages with Leap

If your customers want the top of the line “Best” package but do not want the warranty, or maybe they want the “Better” package but want the top-of-the-line shingle product, you can now create custom packages with a few swipes in the Leap app!

Contractors who use Leap **save time and resources** needed to manually create packages. Without this feature, if the homeowner wants customization, the sales rep had to go back to the office to create formulas and spend a lot of time on this. Using this feature in Leap, your reps will be able to run more sales appointments, as all the customization of the packages is now taken care of by Leap’s all-in-one sales software!