

Dealing with low-priced competition

Experienced LCOs know how to deal with the new threat from large companies which become low-ballers in the market.

by Ed and Aaron Wandtke

■ How to compete with lawn care companies that offer very low prices is an issue that seems to resurface each spring.

Making a profit when dealing with a low-priced competitor is possible, but it requires increased attention to the market you are serving.

As competition heats up and prices decline, many lawn care companies are ill-prepared to react, even though lawn care customers still seek what they've been seeking for years: a thicker, greener, weed-free lawn from a company that cares.

Can your company deliver what the customer wants, in light of the lower prices offered by the competition? How can it survive in this apparently price-sensitive market?

For many years, it was thought that the number of potential lawn care customers in any particular market was fixed. But industry pricing is causing this to change. In addition, the largest do-it-yourself (DIY) retailer, O.M. Scotts, is steadily increasing its prices. So the price spread between DIY and professional service is slowly merging, and new homeowners are considering affordable professional lawn care.

As the owner of your business, you need to know why customers choose your company. Have you surveyed them? What demographic or geographic profile have you developed on them?

Your 'position'—A variety of niches (or positions) are available in each market, so you need to identify yours.

In the early 1980s, Barefoot Grass defined its niche as the high-priced company. ChemLawn was looked upon as the high-end of the mid-priced companies. One-person operations were understood to offer the lowest prices. However, regulations, certification, IPM, insurance, and other changes are causing companies to



reposition in most markets. How is your company adapting to the changing methods of competition in your market?

The pricing tactics of competitors are the basis of frequent complaints among LCOs. Unique in the 1990s is a new twist on the low-price issue: how to not only deal with the *smallest* companies offering the lowest prices, but how also to deal with the *largest* companies offering the lowest prices.

Just because some people seek the lowest price doesn't mean that everybody does. For instance, some car-owners buy the lowest-priced car and run it until it drops. Yet more higher-priced automobiles are being sold today than ever before.

One LCO in Kansas City agrees with this wife that lower prices are affecting their business in a positive manner. Because of an increasing number of phone inquiries, they were forced to hire a new office employee. More repeat customers are also calling the office regularly to ask questions and chat. Price is discussed with new prospects calling the office, but once the program is explained and their lawn personally inspected by a professional, price is no longer an issue.

Understanding your niche in the market will enable you to identify the buying pattern customers use when evaluating lawn care options. They are often willing to explain why they chose your lawn care company, if you ask. Knowing this important information will provide valuable insight for determining future prospects.

Make it so—Defining the market niche can be easy. Although a company may provide services relating to grass maintenance, landscape design, fertilization, sprinkler systems or general maintenance, a niche exists somewhere in this mix.

Do a percentage breakdown by both time and profitability for each service. If you're spending more time on certain functions and not getting much profit from them, reevaluate your market niche.

Once you establish your market niche, you should aggressively market to all prospects in that niche. Beware of leads outside of the identified niche, and approach those prospects accordingly because they may require valuable time away from customers in your niche. Attempting to satisfy prospects not in your niche may be both expensive and frustrating.

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New for the 1990's: how to deal with the largest companies offering the lowest prices.

If you discover your market niche is too small or another company is aggressively marketing to it, be prepared to change. You may want to specialize in more than one niche, to allow the company to shift its efforts according to customer demand. (Price-conscious customers may not be concerned with the quality; likewise, quality-conscious customers may not be concerned with price.)

Selling against price—Most LCOs are not prepared to deal with price shoppers, but it can be done by telling them the other factors to consider when evaluating a company: things like quality of service, professionalism, timeliness, cleanliness,

and ability to answer questions.

Train employees how to communicate these positive attributes of your company to prospects. Preparing them to handle the pricing issue will help ease the communication between both the employees and the prospects.

Regardless of the tactics engineered by your competition, an understanding of your niche and where exactly your company fits in relation to the competition will help define your potential market share.

Keep in mind that the lower prices initiated by yourself and the competition are not likely to have significant impact on your market share this year.

And remember: the lowest priced company in a market usually has the highest customer turnover.

—The authors are principles in Wandtke & Associates, a green industry consulting firm headquartered in Columbus, Ohio. For more information, phone (614) 891-3111.

PLCAA's dynamite idea: partnering with the EPA

by Ron Hall,
Senior editor

■ Lawn care professionals may soon be showing customers another side of their environmental concern through a unique PLCAA/EPA partnership.

The program is the EPA's Pesticide Environmental Stewardship Program. It promotes the wise and responsible use of pesticide products. The Professional Lawn Care Association of America is the first green industry group to partner with the U.S. Environmental Protection Agency in the program. To date, most program participants have come from ag grower groups and right-of-way maintainers.

"We're developing our environmental stewardship strategy now. When it's approved, PLCAA members can publicize their participation," says Thomas Delaney, PLCAA government affairs director. In other words, PLCAA members who participate in the program and meet its criteria will be able to tell their customers that

they are a part of the EPA program.

PLCAA earned the right to offer the program to members because of its ongoing efforts to educate the public to the benefits of healthy lawns, promote sensible lawn care practices and to reduce the risks of pesticide use, said Delaney.

"I applaud the steps your organization has already taken toward reducing the risks from the use of pesticides," wrote EPA's Daniel M. Barolo, director of the Office of Pesticide Programs, in a recent letter to PLCAA. "To further advance our common environmental goals, the next steps require collaborative public-private partnerships."

More about environment—PLCAA could yet help promote an Audubon Society program if it can get some financial help in printing the literature.

The Audubon Society of New York State's "Backyard Sanctuary" program is similar in purpose, if not in success, to its golf course sanctuary program. That pro-

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