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**ADVISORY**

## The Problem with Price

Maybe it is time to rethink how we show our value to others by ripping a page from Dell, Southwest, Allstate, Disney, GM, and just about every other major brand. They use the classic "good-better-best"—G-B-B—marketing strategy to change the customer's ...

**Garrett Wagner** • Nov. 18, 2019



Have you ever felt that your customers simply do not understand the value of what you bring to the table? Do you suspect customers are starting to see your brand of expertise as a commodity? If only they appreciated the very real value of what you do, then you could help them open so many more doors.

You are not alone. Accounting firms across the country are feeling the pain of growing price sensitivity in an industry long-perceived as a necessary evil rather than a value-add.

Maybe it is time to rethink how we show our value to others by ripping a page from Dell, Southwest, Allstate, Disney, GM, and just about every other major brand. They use the classic “good-better-best”—G-B-B—marketing strategy to change the customer’s perceptions of fit, finish and a feeling of having a choice. The results are higher satisfaction, market share and revenues.

## **Options**

In price sensitive markets, the concept of G-B-B helps human psychology do its job. Look no further than Allstate insurance. Within three years of rolling out its “Your Choice” auto plans, Allstate sold 3.9 million policies. They foresaw that customers wanted options even when it comes to buying a commodity. People ask themselves, “Something has to set apart one insurance from another—or why would there be so many choices?”

Giving a customer options changes the discussion from a binary yes/no price point. Using tiers to illustrate where value begins and ends generates the conversation. That’s when you demonstrate knowledge and differentiation. The beauty of it is, G-B-B is not simply salesmanship and persuasion. It is clarifying for intelligent decision-makers where, when, how and why your value kicks in.

## **Untapped growth**

Uber owes much of its success to the G-B-B pricing strategy. Uber started in 2010 as a black-car luxury service offering the very best product in an on-demand model. Seeking revenue growth, the premise expanded into good and better pricing options.

Fast forward, Uber still shuttles people from point A to point B. But it makes most of its revenue from its two lower-tier options. Not only do buyers like options, but when faced with the G-B-B options, buyers tend to change how they view the entire market. Uber is more than a taxi service, because they offer consistent experiences

but at different price points. When you rent a car, for example, how many times have you debated spending another \$5 per day for the full-size sedan?

## **Framing**

Any good G-B-B strategy revolves around framing the differences between the three packages. Always start with creating your “Good” package and begin to frame up from that point.

What is the bare minimum you want to deliver? Establish a Good base model that speaks to the kinds of customers you tend to win and keep long-term. Just keep in mind how those relationships began—stay at a basic, core offering and let new customers evolve and graduate over time.

The Good package answers the customer’s most immediate and common needs. It also leaves them wanting more as they glance from left to right. The Better package offers the highly valued items, and the Best package showcases the premium options. That is where you can tell the stories of clients who grew and evolved, proving that this was the level of “best practices” that helped them the most.

Have you ever thought about changing your cable and internet package to save money? You quickly realized that all those channels you truly value are only in the higher end packages.

The G-B-B pricing model applies to so many service industries, we can embrace these concepts to yield similar benefits. Will it feel uncomfortable and impersonal? It may feel that way at first, but certainly some skilled creative marketing people can maintain your brand.

## **Deploy-Test-Act**

Due to the nature of the G-B-B pricing, it fits perfectly into a deploy-test-act methodology of deployment. As a rule of G-B-B pricing, 20% of revenue will come from the good, 60% from the better, and 20% from the best. With that in mind, organizations can deploy a pricing strategy for a line of accounting services. For example, bundle individual and corporate tax returns for small business owners. Add other services that relieve owners and LLCs of payroll or other common headaches at Better and Best levels. Test the results.

If an organization consistently pitches ten potential clients with this same model, it may begin to see the results that fall in line with the general rule. If not, tweak and

change the model and start the assessment again with the next ten clients. The key is to systematically deploy a pricing methodology, test for results, then make one or two changes until the desired outcomes is achieved. Note the importance of consistent and changing only a couple of variables over time; too many throw out the baby with the bathwater when they are just one more test-run away from the winning formula.

When it comes to individual tax returns, Good is the completion of that tax return—a highly competitive, commoditized service. Your Better solution may include value-adds, like free extensions, guarantee of completion by a set date, or bundling in an advisory service you just rolled out. Your Best option may include unlimited phone calls and consultations every quarter throughout the year.

Changing the way we price tax returns may seem like a bad idea or something that just won't work in our industry. But we need to remember that our customers are happily enjoying this same pricing concept across all other aspects of their lives. When was the last time you walked into the grocery store and complained that you had a G-B-B option for pasta sauce, so you weren't going to shop there anymore?

Make this the year you change up your options, reframe the conversations with new customers and watch as they begin to appreciate the very real value you bring to the table.

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