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Price is always part of the decision-making process

A quality workshop I know recently lost a new customer simply because they failed to discuss price.

The customer had dropped off his late model vehicle for a service. The only extra item noted by the technician on the service report was that the hand brake needed adjusting. The workshop promptly called the customer to inform them that the service had been completed and the only item requiring attention was a hand brake adjustment. The customer was happy and gave the approval to go ahead.

The workshop then discovered that the hand brake adjuster was jammed. The technicians had to remove the brake callipers and rotors to get the job done correctly.

When the customer picked up his car, he was shocked to see that in addition to the service he had been charged an additional fee for the handbrake adjustment. The workshop tried to salvage the situation by explaining that handbrake adjustments took quite a while because the handbrake adjuster was jammed. No matter what they said, the customer felt misled by the workshop.

It's very easy to see where this went wrong. The workshop assumed that the customer would be happy to pay for the handbrake adjustment, while the customer assumed the hand brake adjustment would be for free.

Unfortunate, this scenario is played out in workshops every day and many don't even realise why this is happening to them.

In the above situation, the customer expressed his disappointment and that enabled the workshop to respond. However, most customers will avoid any confrontation, and will simply take out their frustration by never returning.

This story highlights that price is central to every customer's decision making process. The workshop's job is to educate the customer on what needs repairing or servicing and why. The customer's job is to make the decision on whether to go ahead. Without understanding the price, they just can't make that decision.

To highlight why price is so important, consider your own shopping tendencies. Would you buy a new TV without knowing the price? Would you buy a new scan tool without knowing the price? Of course not.

Does wanting to know the price before making a decision make you a time-wasting price shopper? Of course not.

The handbrake story is simple and clear cut. There are other common situations which can have the same negative impact on a customer.

A customer calls up wanting an 80,000 km log book service on a 2010 Toyota Prado diesel. They don't ask for a price, so the workshop doesn't discuss it either. The service goes according to plan and nothing extra is noted.

The customer is shocked at the \$700 invoice for the service. 'That's a lot for a service? Last time, at the 70,000 km service, I was charged only \$300'.

The workshop confidently explains that the 80,000 km service is more expensive because additional checks are needed, plus the front and rear differential oil and brake fluids must be changed.

In essence, the workshop has done nothing wrong or misleading, but the customer has walked away a little less trusting. The customer assumed that the service price would be similar price to the 70,000 km log book service while the workshop assumed the customer would know that an 80,000 km log book service is more complex and therefore more expensive.

All the angst can be taken out of such scenarios by simply making sure that the customer knows exactly what they have agreed to and at what price. This way, any doubts in the customer's mind can be addressed up front. A little customer education about the detail of a routine service goes a long way toward diffusing doubt and mistrust.

Here's another common example. A loyal customer drops their vehicle in for a service and their final words are, 'Just do whatever it needs'.

What dollar amount do you put on 'whatever it needs'. What if the customer's financial limit is \$400 and yours is \$700. This is a potential conflict that could easily result in a lost customer.

All this can be avoided by just sticking to the procedure of reporting to the customer what needs servicing or repairing, discuss the price and gain the customer's approval.

Diagnostics can be a minefield.

It's common for a customer to drop off the car because it has a running issue.

The workshop says they need to investigate and spends one and a half hours searching and testing to find the cause of the problem. The workshop calculates the repair cost, calls the customer and gets the green light to go ahead.

When they get the bill, they are shocked to find a charge for an additional one and a half hours labour on top of the quoted price for the repair. The workshop tries to salvage the situation by explaining that the one and a half hours were devoted to diagnosing the problem.

Again, the workshop has done nothing misleading but they have failed to discuss the diagnostic fee up front, therefore resulting in an unwelcome surprise for the customer.

The more the customer knows about the diagnostic process, the more accepting they will be at invoice time.

Never assume that your customers are so trusting that you never have to discuss prices. And never assume that the customer's perception of value is the same as yours. Customers the world over are the same. They can't make a decision without first knowing the price.

Workshops that don't take this advice seriously, will eventually lose customers.

The place to start is www.tatbiz.net.au/resources.

Just go for it!