

Ideal BUSINESS Ideal LIFESTYLE

Make more money, work less, and build your business around your life.

Is Flooring Industry Group-Think Costing You Money? **A Rant From a Pissed-Off Coach**

By *Jim Augustus Armstrong*

60% of the U.S. flooring market is now controlled by NON-independent floor dealers. (e.g. box stores, online companies, etc.)

You should stop and let that sink in for a minute.

This is bad news for everyone up the supply chain: retailers, distributors and manufacturers, as well as anyone providing miscellaneous services, software, and sundries to flooring retailers. The giant manufacturers are vulnerable, too. The more independents who go out of business, the more the big boys are beholden to the boxes. Once the manufacturers are selling most or all their product through the boxes, guess which of the two is now calling the shots. (Hint: not the manufacturers.)

Why are the boxes gaining more market share? Because every flooring consumer has an unspoken question on their mind: why should I choose you instead of your competitor? The company which does the best job answering that question wins. Period. End of story. And so far the box stores have answered that question far more effectively than independents. Granted, their answer is "because we're the cheapest." But even though they are not the cheapest, and even though their "free installation" offer is a lie (nothing's free, it's just added to the cost elsewhere), they've pounded that message home so relentlessly that consumers have bought it. And they're choosing the box stores and other big players in droves, to the tune of 60% of the market.

That's the bad news.

Here's the worse news. Most dealers are doing NOTHING meaningful to answer the unspoken question more effectively than the box stores. Instead of coming up with a better answer, they copy the box's answer. "Our prices won't be beat," "Lowest prices guaranteed," "LVT 59-cents SF," and the like are what I commonly see on dealer websites, store signage, billboards, etc. Independent retailers don't stand a chance in hell of beating the box stores when they go toe-to-toe with them in a "who can be the cheapest" game. It's like a 109-pound teenager going toe-to-toe with Mike Tyson. The box stores can reach into their deep, deep pockets and outspend independents a 100-1, pounding them into oblivion. Which is exactly what's happened to so many retailers. Down for the count. Out cold. Wheeled out on a stretcher.

It's already happened to other industries. How many independent home electronics, home appliance, lumber yards, or photography stores do you see any more? Not many. Virtually extinct. Don't think it can't happen to flooring retailers.

Another thing independents do is waste thousands upon thousands of dollars on "me-too,"

Continue on page 2



copy-cat advertising. How many floor dealer ads or websites do you see that follow the name, rank and serial number formula? Name at the top, bullets or links to products, and contact information. It's all you see. Everyone is saying the exact same, damn thing: here's our name, here's what we sell, here's how to find us. This does NOTHING to answer the unspoken question.

That's the bad and worse news.

Here's the good news. As an FSS member, this doesn't have to be your fate. You have access to marketing strategies, training, and systems that are completely outside of industry norms. Marketing that's radically different than what 98% of the rest of the industry does. It's not even on their radar.

Strategies that have been PROVEN to work. Repeatedly. By dealers in every market. Across the U.S. and Canada. It's not even a question of if they'll work. The only question is if you'll implement them, like these FSS members have:



“Most of the advertising I tried in the past tended to attract price shoppers. Jim’s strategies are different than anything I’ve seen in our industry. They attract quality customers who are happy to pay more for good service. I was able to increase my margins from 25% to 60%, and customers are happy to pay it and send me referrals. We’re growing, business is fun, and I’m on track to break a \$1 Million and it’s only my second year with a retail store.” -Norberto Rivera, LaValle Flooring, Valley City, ND



“My business has literally tripled. We get way more repeat and referral business now, and I’m able to charge more than my competitors. I just closed a \$30,000 job and I was \$5,000 higher than my closest competitor. I’m closing \$8,000 to \$12,000 jobs like it was nothing.”
-Paul Gardiner, Superior Floors, Middletown, NY



“(Thanks to) Jim’s training, I’ve been able to really narrow my focus and have seen the benefit. With what I consider a half-effort, in the last 4 months my margins have gone from 32% to 40%! A customer recently told one of my sales team that we are \$1,000 higher than our competitor, but that the peace of mind we offer is more important than the money. We still got the sale!”
-Scott Bradley, Columbia Carpet, Columbia, MO

Here's the thing: you gotta be willing to do things that are radically different than what you see everyone else doing. You gotta be willing to be uncomfortable. Copying everyone else in the industry feels like a warm, comfortable, snug, cozy blanket. But you know what doesn't feel warm, snug and cozy? Always struggling, losing customers, and going out of business.

The First Step To Ditch The Group-Think And Set Up Your Dealership For Long-Term Prosperity

Implement Tier 1. That's not only the first step, it's a foundational step for the long-term success and prosperity of your business moving forward.

Here's a quick review of what that means:

THE 3 TIERS OF MARKETING

TIER 1 - WARM	TIER 2 - COLD	TIER 3 - COLD
<ul style="list-style-type: none">• Marketing to past customers (Neighborhood Advisor)• Marketing to generate referrals (Referral Connections)• Sales system (Design Audit)	<ul style="list-style-type: none">• Google ads• SEO• Social media• Omni Channel• Print ads• Direct mail to a purchased list• Etc.	<ul style="list-style-type: none">• Radio• TV• Billboards 

Tier 1 is marketing to your warm market, to people who know you, like you and trust you. It includes regular communication (weekly) with your past customers to generate repeat and referral business. (The Neighborhood Advisor system does this for you.) It includes having a system in place to generate immediate referrals from your already-booked installations, and ongoing referrals from customers during the 3-7 years between purchases. (The Referral Connections system does this for you.)

It also includes having a selling system in place. By “selling system” I mean a step-by-step system which gives your sales people control of the sales process, positions them as trusted advisors, creates differentiation from competitors, increases your margins, increases your average ticket size, and increases the number of closed sales. (A “selling system” is the opposite of what most flooring sales people do, which is to “wing it” and act as order-takers.) The Design Audit accomplishes all this for you.

As an FSS Member you have access to the Neighborhood Advisor, Referral Connections, and the Design Audit. We provide these services for FSS members, and we call it the Core 3, because they are foundational to the long-term success and prosperity of your flooring business.

Tier 2 is marketing to cold prospects, with some targeting possible. It includes both online and offline marketing.

Tier 3 is also marketing to cold prospects, but there’s very little targeting possible. It’s intended to reach broad geographic regions.

Rollout

You want to begin with **Tier 1**. Then begin investing money into **Tier 2**. Once Tier 2 is thoroughly rolled out, then (and only then) move on to **Tier 3**, and use discretionary marketing dollars.

The gigantic problem...

is that the vast majority of dealers begin with Tiers 2 and 3. They spend a fortune chasing cold prospects (total strangers), yet completely ignore Tier 1. Does it make any sense at all to spend thousands of dollars every month chasing down cold prospects, while totally ignoring the only people on the planet who have proven they’ll buy flooring from you and send you referrals? No. But it’s what the entire industry does. That’s a big part of the groupthink.

Benefits of Tier 1

- **It’s far less expensive** than most advertising in Tiers 2 and 3.
- **It’s simpler than many of the Tier 2 and 3 strategies.**
- **They trust you.** You’re attracting people who know you like you and trust you.
- **Fewer price-shoppers.** Repeat and referred customers are far less likely to shop you on price.

Continue on page 4

- **Easier to close the sale.** Think about the difference between a prospect who walks in off a radio ad vs. a repeat/referred walk in. The repeat/referred customer is far easier to close.
- **Higher close ratios.** If you have 10 walk-ins who come in off a Google ad, you may close 3 or 4 of them. If you get 10 walk-ins who are repeat/referred, you'll likely close 7 or more.
- **Easier to get full margin.**
- **Helps recession-proof your business.** When a downturn in the market happens, the first thing to stop working is Tiers 2 and 3. Many dealers discovered this the hard way in the last recession. Having a strong repeat and referral marketing system in place, and a strong selling system, will help you weather downturns in the market. In fact, many of our members didn't merely survive the recession, their businesses actually grew, oftentimes scooping up market share left behind by bankrupt competitors.
- **Differentiation.** I've polled hundreds of floor dealers, and I've discovered that very few (1% to 2% at most) do any Tier 1 marketing. So, by implementing Tier 1 you'll quickly differentiate yourself from competitors
- **Instant market advantage.** Because almost nobody is doing Tier 1, you'll quickly gain a market advantage over other dealers in your area, especially the box stores. (They suck at Tier 1.)

I'm not saying Tiers 2 and 3 are bad, or that you stop doing them if they are producing results. In fact, we provide Tier 2 marketing services, and if you're using those you should KEEP using them. I AM saying that by not including Tier 1 you're leaving a fortune on the table.

How Tier 1 Automatically Increases The ROI Of All Your Other Advertising

I call this the Marketing Multiplier Effect. Let's say you're spending \$2,500 per month on SEO, Google ads, and your website.

- This generates 10 walk-ins, and you close 3 of them. (Studies show that closing 3 out of 10 walk-ins is the national average.)
- Your average ticket is \$3,000.
- 3 closed sales x \$3,000 = **\$9,000 in revenue.**

Now let's look at these results if you have Tier 1 in place.

By having a strong selling system, you generate one or two additional closed sales. By having a referral system in place, you get another sale. You market on a monthly or weekly basis to all 10 walk-ins, and during the next six months you close an additional sale.

Tier 1 increased your closed sales to four, five or six out of the 10 walk-ins. Instead of your revenue being \$9,000, it's now **\$12,000 - \$18,000** from the same initial \$2,500 advertising investment.

Yet, in spite of all these benefits, virtually the entire flooring industry ignores Tier 1. This represents a big opportunity for you. In fact, most of the success stories you see in this newsletter and on our website at FlooringSuccessSystems.com are the result of these dealers implementing Tier 1/Core 3.

Beyond Tier 1/Core 3

Stay tuned because in next month's issue I'm going to do a deep dive into principles and strategies to help you ditch the groupthink, create utter, total differentiation your competitors, and set yourself for long-term, multi-generational prosperity.



FEATURED WEBINAR: Available for a short time only!

<https://featuredwebinar.com/referrals> Visit the website above to view this featured webinar and learn how your fellow Flooring Success Systems members have added hundreds of thousands of dollars to their annual revenue!

CONTACT US AT:

Flooring Success Systems
Support@FlooringSuccessSystems.com

www.FlooringSuccessSystems.com

Ph: 530-790-6720 | Fax: 530-790-7906
236 South 3rd St., Suite 309 | Montrose, CO 81401