

Bad Bob's Yellow-Pages Scheme

In the last few years, some dealers have discovered a way to make big money in the garage door business. Yellow Pages advertising is the cornerstone of the scheme.

Several details of the scheme are sleazy, many are deceptive, and some details are outright illegal. However, some dealers don't care about that, and they end up giving the entire garage door business a bad name.

Here's a general description of how the scheme would work for a hypothetical unethical dealer we'll call "Bad Bob."

1. Locate in a Large Metropolitan Area.

Since many of Bad Bob's tactics might be viewed as unethical, he will target large-population centers where the consumer is very unlikely to know him. Even if he creates some angry customers who might tell a dozen people, Bad Bob knows he can still prey on hundreds of thousands of other people who don't know what he's doing.

2. Buy Giant Yellow Page Ads.

This is the key element of the strategy. Dealers have long recognized that Yellow Pages advertising is a critical element in any dealer's marketing plan. Since consumers generally need door service only a few times in their lifetime, they will frequently rely on the Yellow Pages to find a local dealer.

In his Yellow Pages ad, Bad Bob's strategy is to give the consumer the impression that he is credible. Here's how he does it.

- **Be huge.** Bob buys a full-page full-color ad or even a two-page ad. The consumers figure, "Gee, if he can afford a giant ad, he must be credible." They don't need to know that Bad Bob operates out of a house.
- **Be first.** Bob does whatever it takes to be listed first. He will often create a company name that begins with "A," because he knows that consumers often call the first name on the list.
- **Buy multiple ads.** He often buys 2-4 full-page ads or a couple of double-truck ads (two-page ads). With all Bob's ads listed first in the Yellow Pages, the consumer is extremely likely to call the phone number on at least one of his ads.
- **Use several company names.** Bob often advertises under several company names, so the customer will call at least one of his numbers. The consumer will never know that Bad Bob is actually the only person behind all these companies.

- **Use as many brand names and logos as possible.** Bob is usually not an authorized dealer of these brands, and this tactic is illegal. However, Bob knows that his Yellow Page rep will never check it out. Bob often uses recognized names like Sears and Craftsman. Even if a manufacturer seeks legal action against Bob, he knows they will often just send Bob a “cease and desist” letter. By then, this scheme will have earned Bob a boatload of money.

- **Focus on service work.** Bob’s ads use a big photo of a broken spring to target the homeowner who needs quick service. Service work and replacement parts have always reaped a lot more profit than new construction work. Bob doesn’t worry about new construction work; the slim profit margins aren’t worth his effort.

- **Promise quick response.** Remember: Bob is targeting service work. His ad highlights “24-hour service” and “Emergency service within an hour.” Bob gets in that garage fast, before a reputable dealer claims the turf.

- **Mention “Senior Citizen Discounts.”** This phrase works every time for Bob. He might go ahead and give seniors some token discount, but he makes sure his “regular charges” are exorbitant. Then Bob laughs all the way to the bank.

- **Promise “Low Prices.”** Bob often uses this time-proven phrase, except he doesn’t really charge low prices. Bob knows that homeowners have no clue as to the real cost of garage door parts.

- **Post many phone numbers.** In metropolitan areas, suburban homeowners like to believe the dealer is in their neighborhood. So, Bob often publishes a different phone number for each of the major suburbs, but all calls are transferred to Bob’s one location. A bunch of phone numbers is cheap, and they make Bad Bob look as if he’s actually reputable.

- **Boast “Voted #1 in Customer Service.”** This, too, is false advertising, but Bob figures that his Yellow Page rep doesn’t care, and no one realizes that Bob is the only one who cast a vote! By the time Bob is forced to remove this from his annual ad, he will have scammed hundreds of people for mega-thousands of bucks.

- **Look reputable by displaying certain pictures.** Good examples: (1) Clean-cut guy with a uniformed shirt and a clipboard, (2) New service trucks with Bob’s logo on them, (3) Expensive-looking houses. None of these needs to be real. Bob knows that his Yellow Page rep can get these images and will even print Bob’s logo on the side of a picture of a blank service truck.

3. Negotiate Lower Prices for Yellow Page Ads.

Since the Yellow Pages are Bob’s largest expense, he must get the lowest possible price for these ads. To do that, Bad Bob is often part of a national chain of sleazy door dealers. That way, the chain’s “central office” can negotiate sweet deals with low national rates.

4. Charge Exorbitant Prices.

These Yellow Page ads often cost Bob \$250,000 to more than \$1 million per year. To pay for that, Bob needs to maximize profits. So Bob doesn't mess with measly 30-percent markups. He charges 5-20 times each part's real cost. When the scheme is working properly, Bob rakes in more than \$100,000 per week.

5. Use Subcontractors as Technicians.

Bob needs to motivate his service guys to cooperate with the scheme. If Bob pays employee-technicians by the hour, he knows that the tech will have no motivation to rack up a big bill and finish the job quickly. If the technicians are salaried employees, Bob usually needs to buy their trucks and tools and pay benefits and vacation time.

Instead, Bad Bob hires subcontractors who often have their own trucks and tools, and he pays them an attractive commission on each ticket. This gives them every reason to generate big tickets with every customer. Subcontractors are more likely to understand the profit motive and are less likely wimp out when Bob tells them to rack up at least \$400 in charges to each customer.

6. A Warehouse is Unnecessary.

Why should Bad Bob pay for warehouse space, when others will do it for him? Since most of Bob's income comes from service work, he doesn't need to own a big warehouse that stocks complete doors. Bob's subs can pick up springs, openers, parts, and replacement sections at any of several wholesale warehouses in his area.

That's another reason why this scheme works best in large-population centers. There are always plenty of DCs and wholesalers who unwittingly cooperate with the scheme.

7. A Storefront is Unnecessary.

A storefront might add a little credibility, but Bob knows that it's really unnecessary and way too expensive. Bob often runs this entire scheme out of his own house, and his Yellow Page ads usually don't list a physical address.

As the ads generate hundreds of phone calls, Bob just dispatches his subs to each customer. Bob just takes calls and collects money.

What if Bad Bob gets caught? No problem. He just takes his boatload of money and moves on to the next big city.

Note: Many of the above tactics can be part of an appropriate marketing strategy, but problems arise when several of these tactics are used to deceive the public.

If this scheme is active in your area, we encourage you to distribute this story as a warning to your customers and report it to your state's Attorney General's office.