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HOW TO GROW YOUR MARGINS

Using Cross- and Upselling techniques will increase the size of your average sales order, boost gross and net margins, plus grow revenue — all while building the salesperson's reputation for being an expert.

BY MARK OKUN

In this era of tightening margins, increased competition, and pricing transparency, the teams that utilize a finely tuned sales process will separate themselves from the also-rans. The secret sauce that can plump the bottom line is Upselling and Cross-selling strategies.

Once a salesperson is skilled in "Sales 101," the next level to develop is the Cross and Upselling skill. Those who incorporate these profit-boosting activities will see improved sales team performance and more significant margins.

UPSELL, CROSS-SELL, WHAT'S THE DIFFERENCE?

To maximize results, it is essential to understand how and when to apply the Upsell and Cross-sell in a sales presentation. Since the terms are often used interchangeably, it is important to learn how they are different.

These procedures share several consistencies, aside from adding income to both the top and bottom lines of the ledger. To be effective, these skills must be taught and repeatedly coached until they are a consistent habit that occurs with every sales interaction. Since both of these skills are similar, they have been lumped together and trained as if they were only one skill, but that is far from reality.

Another way Up and Cross-selling are similar is that they offer clients the chance to benefit from the pride of ownership and increased value that the item represents. Providing clients additional options beyond those they are looking for is a base principle of these techniques.

UPSELLING DEFINED

Upselling is about presenting better merchandise to a client that is similar to what they are interested in seeing. Once the salesperson discovers what the

customer desires, he/she shows the client the best item that matches the criteria; this is the beginning of Upselling.

As we have reviewed in the past, we are interacting with most clients at the trial-and-test phase of their buying journey. They may have set their digital search criteria with a maximum dollar amount, which will not expose them to the better goods available. For that reason, present your best products first and explain precisely *why* they are the best in that category.

The theory behind "show your best first," is based on the clients' expectations based on the digital research they have done. When you carefully lead off with items that are of better quality and more expensive than they anticipated, it opens up new ideas to them.

This method will produce the desired results only when the salesperson is clear on the style and trend the client desires. Upselling your best crystal chandelier to someone who wants the urban farmhouse look will result in a "No Sale" and foster a poor image.

UPSELLING BASICS

The revenue-building skill of Upselling is based on a well-choreographed product presentation built around detailed knowledge. This brings efficiency when communicating value-building information about the services and products being sold. Without proper training and coaching in this area, it will be difficult for most salespeople to offer clients simple solutions, much less better goods.

CROSS-SELLING DEFINED

Cross-selling is the art of encouraging customers to buy additional items to maximize their showroom visit and increase average sale amounts. Cross-selling encompasses all items offered for sale. It is not manipulation or a trick you are playing to get people to buy more. When the product or service being offered provides additional value to the customer, it is a benefit.

"Do you want fries with that?" is a common side sell offered at a fast food chain. Think of all the side sells we are exposed to in our lives. They are so much a part of every type of commerce, we may become a bit numb to them.

Based on daily exposure, we know Cross-selling is going to happen at some point in our real-life consumer interactions — or even in our digital ones. Think of the side sell used on every shopping website. When looking at an item, below the image you

will see the phrase, "People who purchased this item also bought these."

Other than an impulse item, side selling must be introduced early in the sales process — even when you are not sure what the customer wants or if he/she will buy from you. If you wait until the end of the presentation, or until you get to the checkout area, it is too late. You will appear to be a pushy salesperson rather than a helpful concierge. Planting the Cross-sell seeds early lets you reap the extra sale.

One way to introduce category Cross-selling effectively at any point in the sales conversation is to "break" from the client with a well-practiced release. For example, "I must step away for a few moments. While you are looking around, we have just added a variety of (fill in the blank) if you notice them, I would love your opinion."

This phrase relieves any pressure the customer may feel in a selling situation and it plants the seed for them to look for the mentioned category because you want their "opinion." This works best when introducing side sell products, such as mirrors, accessories, and giftware that are disassociated from the primary reason for their visit.

The ability to present related products means you know all your complementary items by category and style. To be successful in this form of presentation requires spending time and money on the continuing education of the sales team.

IMPULSE ITEMS

Another popular way to increase an average ticket and to improve closing skills is with impulse items. When thinking "impulse," think of grab and go. Items that are small are more likely to be sold.

Many items can work well in a lighting showroom. One category is small jewelry pieces.

A high-fashion bracelet display at the checkout area will get attention from shoppers. When a customer looks at, touches, or comments about the items on display say, "Those bracelets are so cool, I can't believe how many people grab them for themselves and gifts. Customers check in regularly to see the new styles we get in to add to their collection. Which one do you like?"

Keep affordability at the forefront when it comes to impulse items, although price points will vary based on your shop and the demographics you serve. While the conventional sweet spot for impulse pricing is \$20 and less, I've seen some impulse purchases as high as \$400.

"You Can't Insult a Customer When You Show Your Very Best First."

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DISPLAY TO SUPPORT CROSS-SELLING

Merchandise complementary items prominently where they make the most sense. There is natural fluidity that happens when Cross-selling associated items without breaking the continuity of the presentation. To increase wireless control sales, have working displays, product props, and POP strategically located.

When suggesting Cross-sell items this way, the client can see immediately how the items work together. If you have to walk across the showroom to find a display, prop, or product information, you'll lose your sales cadence with the client along the way.

Be considerate of your customer with the products you present. Your Cross-sell items should be a logical fit. For example, if the customer wants a chandelier, suggest bulbs, dimmers/controls, etc.

The *unrelated* Cross-sell is also an essential tool. As you learn more about your clients – called discovery and rapport – items can be offered that have an emotional appeal by being associated with their home décor or lifestyle. It is your job to discover their interest and present those emotional impulse items. Remember, if you offer add-on items and don't ask for the sale, the result is always same.

The sales teams that are successful at Cross-and Upselling will be adept at painting a picture of value or raising the emotional desire of their clients. The goal is to have customers envision all the joy of buying the primary product with the additional benefits of the add-ons.

MAKING IT HAPPEN

To recap: Train your team to understand what the client wants and ask for their opinion on the best item on display in the style they are interested in.

Explain every feature and benefit. There may be only one feature that strikes a chord with the customer, and if that feature is not available in a similar style, it will lead back to the original item shown.

Display your better items so they are easily seen. I recommend having the next logical fixture in the same area for quick comparison and to facilitate Upselling. Think of it as a simple step-down progression: Best, Better, Good.

Take a lesson from your digital competition and add the phrase, "Customers who have bought this piece also bought XYZ because..."

Plan your pricing strategy for the side-sell items, which often carry much higher margins. It makes sense to offer an immediate special discount on those; this incentive will raise the desire to buy now and to buy more in a single transaction.

TRAIN, OBSERVE, MEASURE & GIVE FEEDBACK

If you want the benefits of increased average sales when using side-selling, implement these sales management principles:

- ☑ Observe the sales team's activities.
- ☑ Give immediate feedback on client interactions.
- ☑ Measure and document the results, both positive and negative.
- ☑ Provide results-based coaching that is individual and appropriate.

Everything that can be done to maximize margins and increase average sales while being on the top of our customer's minds will keep your store relevant as we prepare to move into the next decade of the 21st Century. Happy Selling! ❖

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