

Add-on and Upselling Techniques

ADD-ON AND UPSELLING TECHNIQUES can positively affect store and Web site sales and profits. Sales techniques in which the sales associate offers additional or more expensive products to the customer for purchase are examples of add-on and upselling strategies. A good product or service tends to have more value when paired with a complementary item.



Objective:



Select complementary items based on a customer purchase.

Key Terms:



accessories

add-on sales (AOS)

complementary items

customer database

customer loyalty

customer loyalty
programs

customer relationship
management (CRM)
software

fashion trend

fitting room selling

haberdasher

men's furnishings

open-ended questions

sales associate

upselling

Add-on and Upselling Techniques

Add-on sales (AOS) are the purchase of additional items at the point of purchase. For example, a customer purchases shoes and the associate offers footpad inserts, shoe travel bags, and hosiery. Some point-of-sales (POS) registers alert the sales associate to add on products available to complement the customer purchase.

Upselling is a sales technique in which the seller offers additional or more expensive products or services related to an item the customer has already agreed to purchase. For example:

- ◆ A customer has agreed to purchase a wool sweater at a price point of \$100. The sales associate shows her the cashmere sweaters at a price point of \$200, and the customer decides to purchase the cashmere sweater instead of the lower priced wool sweater. The sales

associate who helps the customer connect reasons “why” a person would want the extra or more expensive item, which is essential in upselling.

- ◆ The seller may show the same customer a scarf and/or a hat that complements the cashmere sweater. To ensure that a customer leaves the store “happy and with needs fulfilled,” a **sales associate**—a person employed to sell merchandise and services—should identify the needs of the customer before suggesting complementary and higher priced items. Upselling requires sales associates to be more than order takers; they must become active sellers.

COMPLIMENTARY ITEMS

Complementary items are goods or services used in conjunction with other items that the customer has already purchased or intends to purchase. A product is considered a complement when it shares a beneficial relationship with another product. A good (product) or service tends to have more value when paired with a complementary item. The goal of every business is to sell services or products. Obviously, the store profit increases when additional items are sold. To increase sales and customer satisfaction, you can ask open-ended questions, use inventory knowledge, conduct fitting room selling, know trends and accessories, and use marketing strategies.

Ask Open-Ended Questions

Open-ended questions are queries that demand a description; they cannot be answered with a simple “yes” or a “no.” For example:

- ◆ What brings you to the store today?
- ◆ What are you shopping for? Please describe the type of shoe you are looking for.
- ◆ How would you describe the athletic shoe you are looking for?
- ◆ How much do you want to spend on the sport coat?

Use Inventory Knowledge

Sales associates that know the inventory stock are better able to provide customers with complementary item suggestions. Identify complementary items that go well with the product purchased and/or are commonly bought together. For example:

- ◆ A customer buys a business suit for a job interview. The sales associate may show the customer a shoe to accompany the outfit and/or a blouse, scarf, and handbag that would accompany the suit. The customer often appreciates the knowledge and expertise of sales associate who is a true consultant.
- ◆ A male customer purchases a winter coat. The sales associate suggests complementary shoes, shirt, jeans or khakis, a belt, scarf, and gloves.



FURTHER EXPLORATION...

ONLINE CONNECTION: Add-on Sales and Upselling

Free online selling tutorials and training can help you learn selling techniques. The following online resources illustrate add-on and upselling techniques:

- Sales and Marketing Software at <http://www.infusionsoft.com/blog/what-sales-and-marketing-software-0>
- Sales Techniques: The Dos and Dont's of Upselling at <http://www.businessbee.com/resources/sales/account-management/sales-techniques-dos-donts-selling/>
- 11 Tips for Suggestive Selling—Easy Ways to Increase Sales at http://www.youtube.com/watch?v=1RftOMx_cHk

Search other online videos that show examples of add-on and upselling techniques.

- ◆ A young woman purchases a swimsuit and sunglasses for a trip to Hawaii. The sales associate may suggest a beach bag, sun hat, flip-flops, and cover-up.

Conduct Fitting Room Selling

Fitting room selling is a sales associate bringing additional complementary items to the customer to touch, feel, and try on while the customer is trying on the original garment. For example:

- ◆ A customer picks out a few blouses to try on. The sales associate who is conducting add-on selling techniques, may bring a complementary jacket or slacks for the customer's consideration. Then, the sales associate would be available to provide the customer with different sizes and/or with different garments.
- ◆ A customer tries on a special occasion dress. The sales associate who is upselling would bring the customer complementary undergarments and shoes to try as well.
- ◆ A male customer is trying on jeans and the sales associate brings him a few shirts to go with the jeans.

Knows Trends and Accessories

A **fashion trend** is a fad (a craze) often highly marketed as well as short-lived. A trend often follows a three-step pattern: sought after (usually a distinctive hat, dress, or shoe from one designer or fashion house), emulation (by many designers or houses), and saturation (wide availability). Sales associates must know and identify current trends for the target customer. Much of the American population splurges here and there or for a special occasion and tends not to follow each fashion trend. Typically, a customer does not purchase a complete new wardrobe each season.

Accessories are items worn to complement a wardrobe staple (e.g., a suit or a dress) and include scarves, handbags, jewelry, hats, and hosiery. Accessories are a common way to update a wardrobe at a lower cost than purchasing a new “trendy” wardrobe piece. Accessories can be updated easily from season to season to reflect the current trends. A customer who is trying on dress shirts could be shown the current trendy ties, cuff links, and belts or suspenders.

Men’s furnishings are dry goods—handkerchiefs, pocket squares, ties, cufflinks, belts, gloves, sleepwear, and wallets and briefcases—that tend to “complete” the look of a clothing staple, such as a business suit or sport coat and slacks. A **haberdasher** is a dealer (seller) in small articles, men’s furnishings, and accessories such as gloves, hats, ties, cufflinks, and watches.



FIGURE 2. Men’s furnishings are dry goods—handkerchiefs, pocket squares, ties, cufflinks, belts, gloves, sleepwear, and wallets and briefcases—that tend to “complete” a man’s clothing staple such as a business suit.

Uses Marketing Strategies

Sales associates market complementary items by:

- ◆ Placing complementary items close together on shelves or racks



FIGURE 1. Accessories are items that complement a wardrobe staple, such as a suit or a dress and include scarves, handbags, jewelry, hats, shoes, and hosiery. Accessories are a common way to update a wardrobe at a lower cost than purchasing a new “trendy” wardrobe piece.



- ◆ Creating “kits” or re-packaging items that complement each other

- A kit for runners might include a pair of shorts, an athletic shirt, a pair of gym shoes and socks, a waist pack, and a brimmed hat. The “kit” may be offered at a slight discount when purchased together rather than individually.

- ◆ Setting up a display that shows customers how to tie and drape scarves and showing the scarves with complementary coats, sweaters, and blouses



FIGURE 3. A floor display shows women potential complementary items—hats, jewelry, and scarves—for coat and sweater purchases. Helping the customer visualize an outfit is an old sales technique.

CUSTOMER FOLLOW-UP

Customer Relationships

Individual attention by a sales associate is recommended for each customer upon entering a store or online shopping site. It is in the best interest of the sales associate and the store/Web site to build a relationship with each customer; individualized attention is more apt to produce a sale. Studies show that a customer wants knowledgeable assistance and guidance initiated by the store employee. Waiting for the customer to ask for assistance does not produce as many sales as individual, proactive attention.

Sales associate strategies include:

- ◆ The best time to begin the customer-sales associate relationship is when the customer walks in the door or enters the Web site. Many customers begin their shopping experience by browsing, looking around, and discovering items on their own.
- ◆ Unless the customer is known by first name, it is best for the sales associate to greet the customer and get some initial information about the reason for their visit. Perhaps as simple a question as, “What brings you in today?” If the customer automatically asks for the associate’s direction, then you assist the customer immediately. If not, allowing the customer to browse allows the sales associate to pick up on cues based on customer interest in certain items is a solid strategy. For example: Perhaps the customer pauses and looks at a specific outfit, or feels a fabric. At this point, the keen (very aware) sales associate would offer that customer information about the items he or she looked at.

- ◆ At the dressing room, the sales associate should already know the customer's name and have given the customer his or her name. The exchanging of names personalizes the shopping. During fitting room selling, the associate may find that there are items the client would enjoy having but is not shopping for today. This type of information is a great opportunity to offer to contact the client when those items go on sale.
- ◆ Sales associates who recognize that a certain customer comes in every few weeks, is an opportunity to begin a long-term relationship. For example, if a new line is coming into the store, knowing customer sizes and preferences allows the associate to hold the new items for 24 hours to ensure the client has first selection.

Customer Loyalty

Customer loyalty is the likelihood that a customer returns to a specific store or Web site for another purchase rather than buying from a competitor. Building customer loyalty usually requires a sales associate to be engaging, friendly, and conversational. Building a customer relationship is the first step in obtaining the needed information to initiate a customer follow-up later.

Customer loyalty programs are incentives for shoppers to return to the store or business Web site. Repeat business is the goal of a customer loyalty program. Loyalty rewards come in two main types:

- ◆ Vouchers—double or triple coupons
- ◆ Targeted shopper coupons—tailor-made coupons for an individual shopper based on past purchases

Customer Follow-Up Strategies

Many ways exist to initiate customer follow-up. A purchase is not necessary to initiate a customer follow-up. When there is a purchase of small monetary value, a follow-up email or text is appropriate. When there is a purchase of a large monetary value, a more personal communication is appropriate. The following are examples of customer follow-up strategies:

- ◆ Personal handwritten notes
- ◆ Thank-you cards
- ◆ Email messages
- ◆ Text messages
- ◆ Phone calls

Customer relationship management (CRM) software is an integrated database that provides a structured way to contact and inform customers. Customer loyalty is the goal of CRM software. The CRM **customer database** is a computerized program that stores client information, such as:

- ◆ Name

- ◆ Birth date
- ◆ Shipping address
- ◆ Clothing and shoe sizes
- ◆ Personal brand or designer preferences
- ◆ Purchase history
- ◆ Wants and needs

CRM database skills include the knowledge and application of basic computer skills:

- ◆ Word processing
- ◆ Database input and management
- ◆ Spreadsheet input and management
- ◆ Program navigation

Client databases make it possible to establish a relationship with the customer in at least two ways:

- ◆ Alerting customers of requested information by sending electronic (phone, email, and/or text) messages to clients of new merchandise arrival including the new seasons' line of shoes, handbags, etc.
- ◆ Automatically alerting customers of sales, specials, and promotions based on the customer's prior purchases.

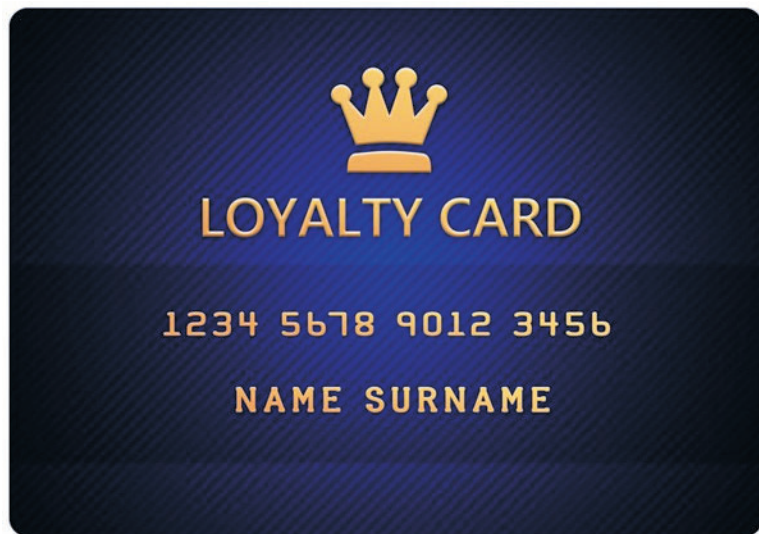


FIGURE 4. A thank-you note is the most personal way to follow up with a customer and thank them for their recent purchase. Customer loyalty programs are designed to create repeat business, and CRM databases provide electronic messaging to customers about new items, sales, specials, and discounts.

Summary:



Store and Web site profits can be greatly increased by using add-on and upselling techniques that also provide service to the customer. Complementary items are goods or services that are used in conjunction with another item that the customer has already purchased or intends to purchase. A product is considered a complement when it shares a beneficial relationship with another product. A good (product) or service tends to have more value when paired with a complementary item.

The more items/units sold by a business the more money and profit the business takes in. To increase sales and customer satisfaction, sales associates: ask open-

ended questions, use inventory knowledge, conduct fitting room selling, knows trends and accessories, and uses marketing strategies.

Checking Your Knowledge:



1. Describe upselling.
2. How do sales associates suggest add-ons to customers?
3. Create five open-ended questions that a sales associate would ask a potential customer.
4. Describe two marketing techniques to enhance add-on and upselling.
5. List four ways to initiate customer follow-up.

Expanding Your Knowledge:



Investigate selling techniques. Visit three clothing stores with a specific need in mind. Observe and later record the techniques used by the sales associate. Be prepared to try on merchandise. Review and reflect upon your experiences. Summarize the selling techniques used by the associates.

Web Links:



Following Up

<http://smallbiztrends.com/2013/10/customer-follow-up.html>

How to Fold a Pocket Square

<http://hespokestyle.com/how-to-fold-a-pocket-square/>

Sensory Tips for Retail Selling

<http://melissagalt.com/touch-my-senses-get-your-sale-retail-strategies-for-success/>