

Do you want more sales? Newsletter 11th Feb 2011

There are only three main ways to increase your sales in your business....

1. Find new customers
2. Get your existing customers to buy more (cross sell and upsell)
3. Get your existing customers to buy more often

With (2) and (3), once you understand why your existing customers buy from you, you can examine ways of getting them to buy more or more frequently (more next time).

"Simples..." Or is it?

Finding new customers is expensive. Think about the Banks and the 'deals' they offer to entice you to switch accounts to them. How much does it cost them? How much does it cost you? Do you have a sales team/business development people just concentrating on growing your data base and finding new business? Lots of figures around for how much more it costs to sell to a new customer rather than an existing one, but broadly it's around 10-15% - some research shows a lot more. I attended a webinar this week which suggested it was "25 times easier to sell to an existing customer than find a new one" (no support research for this, however). How much are you spending on finding new business?

Cross Selling: refers to selling items that are complementary to the item your client/customer is purchasing. So then, what if you are a **professional practice**, how does this work for you? Do you have some larger clients in, for example, London who only use you for a specific discipline of your whole offering. How would it be to expand this? How can you motivate your client to buy from you? What is important for your client? How does he/she think? You need to have genuine interest, really understand your client's organisation in depth and have built trust with them first.

Upselling: Getting your existing customers to buy more... where you offer your customer an additional product or service at the point that they buy - either a more sophisticated version of what they were going to buy or items that will complement the sale. The purpose of upselling is to build a mutual benefit so that both you and the customer win. Upselling assumes that you have already made/are making the sale - now don't lose it - the process must never be aggressive.

Because you have already costed in your overheads into the original selling price of the goods or services, the 'cost' of the upsell can be relatively inexpensive if offering 'extras', eg a second cup of coffee. So even a small additional extra can add up to a valuable profit contribution over time.

We've all experienced it :

- **Restaurants/Coffee Shops:** would you like to see the dessert menu"? "What size coffee" or "would you like a pastry with that"?

- **McDonalds:** Offers to 'go large' for fries/coke etc.
- **Laptops:** more memory, hard disk, free anti-virus or XX months free insurance
- **Shoe Shops:** how many jars/cans of polish do you have in your cupboard?
- **Amazon:** suggesting other products/services we would like, based on our previous shopping history;

Selling more often:

- can you increase the % sales of your service/product to a client?
- what are the buying patterns of your customers? Have you discussed their needs to see if you can offer additional products/services which would 'fit'?
- can you 'add value' to your offering to build loyalty and repeat business?

The Maths (kept simple but do apply the principle)

Now: you have 50 customers each spending £500 x 5 times a year equals £125,000

Add: 5% to each you get:

You get: 52.5 customers each spending £525 x 5.25 purchases equals £144,703

What's so powerful about this is that the increase in turnover is not just 5% but three times this, giving you a huge 15.76% increase in turnover. Try this calculation too: instead of adding 5% to the three elements, add 30% - you'd find you've doubled your turnover. What would that do to your profit contribution and bottom line? Food for thought, certainly...

Don't forget it's Valentine's Day on Monday - I hope you've remembered to let your customers and clients know just how much you value their loyalty!



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