

The Art of Upselling

By Phil Sasso

Offering customers something more or something better can make a big difference.

“WOULD YOU RATHER sell 20 mud flaps at \$10 each or 10 mud flaps at \$20 each to make the same \$200 in sales, assuming profits are equal?” I asked the seminar audience.

“It’s easier to sell cheaper stuff,” answered one attendee.

“Easier?” I responded, “You have to sell twice as much to make the same profit. Is it really that much easier?”

There are three basic ways to build your business: sell more things to current customers, sell more profitable things to current customers, or get more customers.

Today we’ll focus on selling more profitable products to current customers by *upselling*. Upselling is selling customers the highest quality or quantity of something that meets their needs.

Upsell, Don’t Oversell

There’s a fine line here between upselling and *overselling*. Be careful not to cross that line or you’ll lose a lot of money in long-term sales and referrals for a few extra dollars today.

Overselling breeds resentment. When you go to a butcher for a pound of hamburger, you don’t want to leave with a side of beef. And if some cunning butcher sold you a side of beef, you might get angry when you got home and couldn’t fit it in your fridge.

You’d probably stop going to that butcher, and tell all your friends about your bad experience. In marketing, we call that *buyer’s remorse*.

When I say upselling, I mean upgrading the customer from a pound of ground round at \$1.99 per pound to a pound of ground sirloin at \$3.99 per pound. Sirloin is a better cut of meat. And it’s less fatty, so it’s better for your customer. You see where I’m going.

Or perhaps your customer is having a big cookout and doesn’t want expensive ground



Educating your customers on the various quality levels within certain product niches can often lead to sales of higher-priced units. It’s human nature to be drawn to bigger, better or faster.



Setting your store up properly with plenty of eye-catching displays can help you sell more higher-priced items.



Try showing your customers the next step up in quality, and then let them decide if it’s worth a higher price.

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sirloin, but really needs *three* pounds of ground round to feed all of his guests. That's what upselling is really about – helping your customer, not helping yourself.

The idea is that selling a higher quality or quantity of items yields a greater profit. As obvious as that may seem, sometimes higher-priced items are not more profitable and upselling on price alone could be shooting yourself in the foot.

For instance, I once consulted with a small engine parts distributor that insisted on carrying only OEM parts. I pointed out that some customers preferred less-expensive, non-OEM parts, and these parts were often more profitable.

He didn't get it, and incidentally is no longer in business.

Not every customer needs to be upsold. Some people know exactly what they want – and they may resent you trying to sell them more than they're looking for.

On the other hand, many customers may be disappointed with a lesser product and would have willingly paid more for extra features or higher quality for their project.

Try simply showing your customers the next option in quality or quantity that seems appropriate, explain the benefits, and let them decide if they want to *upbuy*.

There are various ways to help customers see the benefits of *upbuying* in your advertising. Here are a few:

- **Feature groupings of good-better-best products.** This helps customers see the benefits of the next level. For instance, one of my clients makes a shatterproof work light. The company has three styles of the work light: big, bigger and mambo. Most people buy the big one. But a lot of buyers choose the mambo light after seeing it in the literature. It's human nature to be drawn to bigger, better or faster.
- **Limit quantities.** How can limits help you sell more? In a University of Illinois study, when cans of beans were advertised as being *on sale*, shoppers bought three or four cans. When the same beans were advertised as

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limit nine, most customers bought an average of seven.

• **Promote the lowest-priced item.** You've seen it before: *As low as \$9.99*. But be careful. I'm not encouraging bait-and-switch, which is advertising a product you don't stock at a price you couldn't sell it at. That's illegal and unethical. I'm suggesting you lead with your best-priced item and when buyers get to your store, have a display showing the higher-priced, better-quality options as well. Be sure to have a stack of rain checks on hand in case you run out of product. Or, if quantities are limited, clearly indicate that in your ads.

As you probably already know, setting up your store properly can help increase your sales. You want to make it easy for shoppers to find what they're looking for, but also to have them pass by other items along the way.

That's why you can't stop at a grocery store for a gallon of milk or a loaf of bread without passing half the items in the store. My theory is that if the local grocery store

had a bread-and-milk drive-up window, they'd lose half of their impulse sales – and that's just from my family alone!

Educate Your Customers

As I mentioned before, showing good-better-best in one display can help educate customers on the benefits of the next level of quality. A display can also sell products that save customers money.

For example, I was shopping for Benadryl one day. Right next to it, I found the store brand for 20-percent less. Why do stores push their brand at a lower price? They make more money on better margins.

Product demonstrations can also help you sell at a higher quality point. I still vividly remember an in-store display I saw more than 10 years ago that showed how a premium spark plug wire made a light bulb glow brighter.

I was sold instantly with no salesperson required. I even paid a small premium for what I felt was a much better product.

I still have no idea if there was any real product benefit, but it sure got me to buy!

The most influential link in the selling chain is you, the salesperson. Your customers come to you because you are the expert. You have the products they want and the product knowledge they need to make an informed decision.

You have a choice – you can put the customer first, or you can put yourself first. It sounds trite, but it's true. Treat your customer right and they'll treat you right.

There's an axiom I call the *7/22 Rule*. If a customer has a great experience in your store, he'll tell seven people about it. However, if a customer has a bad experience, he'll tell 22. Upsell a customer and he'll brag on you. Oversell him and he'll rag on you.

Phil Sasso is president and founder of Sasso Marketing, an automotive aftermarket advertising and promotion firm. For more marketing tips, go to www.sassomarketing.com or join his weekly marketing tips email by sending your name to tips@xmark.com. ©