

Altman Dedicated Direct

STRATEGY... TACTICS... RESULTS

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MARKETING STRATEGY

WANT FRIES AND SHOES WITH THAT?

IMPROVE YOUR AOV WITH WELL-CRAFTED UPSOLLS AND CROSS-SELLS.

BY SHARI ALTMAN

When you visit McDonald's or Hardee's and place your order for a burger or chicken sandwich and a beverage, you will almost certainly be asked, "Would you like fries with that?". At its core, upsells are just like those French Fries – an added item that "goes with" your initial purchase. In fact, a telemarketer I worked with years ago even used the term "French Frying" as a pseudonym for upselling. Cross-selling is really a variation on upselling, where an item is offered that doesn't necessarily "go with" your customer's initial purchase, but that you know they are likely to be interested in based on what they just purchased now or have purchased in the past.

First a clarification – much of the time whether what you are doing is upselling or cross-selling is treated as a matter of semantics. However, upsells and cross sell sales are made for different reasons -- If the customer calls in to order a navy dress, upselling gets the customer to upgrade to the outfit including the matching navy jacket; cross-selling offers the dress buyer a new set of decorated black high-heel pumps, not because they "go with" the navy dress, but because historical buying patterns show that dress buyers are also high-heel pump buyers, or because this customer has purchased high-heel pumps from you in the past.

Upselling and cross-selling are often ignored as tactics, or given no more than last minute consideration. The most important advice I offer any client about upselling and cross-selling is simple:

1. Do It!
2. Manage It!

Upselling and cross-selling can add 5%-25% to your average order size for a minimal incremental cost. If you've ever had a promotion where increasing the average order by 5%-25% could take your promotion from loss or break-even to profitability (and who hasn't?), it's not hard to understand the value of implementing upsells and/or cross-sells on your inbound and outbound calls.

Management of your upsell and cross-sell promotions is what makes the difference between 5% and 25% added to your average order value. This means managing what is being sold to whom, in order to increase the value of upsells and cross-sells accepted (increasing prices and number of upsells), as well as increasing the frequency with which your customers accept your upsell and cross-sell offers.



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Mark Hardy, founder of Advantage Line Telemarketing and now a telemarketing consultant concurs. His upsell rules of thumb for what percent of buyers will convert to an upsell or cross-sell offer: 1) Try nothing, get nothing, 2) Try something that is appropriate for your audience but not customized or targeted to individual customers or segments and get 20%-25% acceptance, 3) Customize and target your upsell offers and get 35%-50% acceptance.

Examples of the difference between merely appropriate for your audience and customized and targeted.... A tea and food cataloger that offers discounted cookies as an upsell has increased their average order by 20%. A sporting goods outfitter upsells a membership club with instant savings on the current purchase to customers who are not already members gets up to 50% conversions for these offers.

Many times making the most of upsells and cross-sells means practicing CANI – Constant And Never-ending Improvement. Making offers, reviewing results, listening to customer reaction and response to upsells on monitored or recorded calls, revising scripts and offers, etc. By doing this I've worked with a fitness equipment marketer who has taken their increase in average order size from 17% over the base average order amount up to 24% over the base average order amount over the course of 6 months. If the base average order is \$100, this means going from \$117 average order to \$124 average order by paying attention to details and managing the process. All for the same cost per order. How many other marketing tactics can make this sort of claim?

Each change in upsell script or offer had an impact that helped us take the next step in refining and prioritizing the upsells. In fact this client offers a total of 6 upsells including an expedited shipping upsell and a free bonus to convert from multiple installment payments to a single payment. It sounds like a lot, but since each upsell was developed to support and enhance the main product, customers are not put off. In addition, two of the upsells are in fact down-sells from other upsells. In other words, the customer is offered the full set of workout programs for 3 payments of \$29, if this offer is too much for their budget, they are offered the down-sell from this upsell of 4 work-out programs. Together the workout program offers (upsell and down-sell) convert 25% of the customers; alone each only converted 10% - 15%.

What kind of upsell or cross-sell value should you consider? While some feel a rule of thumb is 20% - 25% of the original order value, years of experience have shown me that relevancy is more critical to customers than the exact amount. The fitness equipment marketer I mentioned has one upsell that runs 60% of the base price of the original order. A cosmetics marketer is able to upsell skin care for a price point that is 30% HIGHER than the base price of the original order and still garner a 35% cross-sell conversion. Beware: Try to move items no one wants and you won't be able to give away \$5 items, no matter the discount or deal. Using upselling as a means of liquidating unwanted merchandise is a waste of time.

In addition, it's important to make sure that your phone reps are offering upsells consistently. Every call where upsells and cross-sells aren't offered is a sure-fire zero percent conversion. Getting outbound reps to offer upsells consistently is much less



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challenging than with inbound reps; outbound reps are focused on selling. But many inbound reps have dual responsibility for customer service as well as taking orders.

Because of their dual roles, inbound reps may be careless about consistently presenting upsells and cross-sells on the phone. They may also need training on why the upsells are being made and how they are opportunities for the customer to save money get better value from their purchase, etc. Consider incentive plans for reps to gain consistent compliance and enthusiastic participation in the process. The opportunity to make a few extra dollars each day by enthusiastically presenting and selling upsell and cross-sell offers can galvanize rep attention!

If you are offering upsells to repeat customers as opposed to first time buyers, results will deteriorate if upsells and cross-sells are not changed frequently enough. How often is often enough? Every business is different but a good rule of thumb for catalogers is every 30-60 days.

To truly make the most of upsells and cross-sells, use technology to your advantage and employ segmentation techniques. Let your system enable you to offer a different upsell to customers placing their first order with your brand than the upsell for a customer who has been with you for years. Think about what buyers of certain product categories are likely to want, and let your system ensure that upsell offers are made in accords with the category purchased. Program your system to avoid having your phone rep upsell an item to someone at a discount that just purchased that same item at the catalog price, but instead to offer that person a deal on a “two for”.

Every brand is unique characteristics, but the key to success with upsells and cross-sells is to pay attention and make offers that are relevant to as many unique customer segments as feasible. If you do this and manage the process with an eye for continuous improvement, you're bound to find effective ways to upsell and cross-sell your brand to greater profitability.

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