

QuickBooks

Point of Sale



QUICKBOOKS POINT OF SALE SUCCESS TIPS

# Tips to increase Customer Spending

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## TIPS TO INCREASE CUSTOMER SPENDING

Remember that getting customers in your store is just the first step. Now you must sell to them. How? By transforming your store, product line and operations into a well-run selling machine. That effort includes both boosting your store's selling potential and reducing missed sales opportunities from such mistakes as forgetting to reorder a popular item or not accepting credit cards. In the tips below, you'll find ideas for:

- Maximizing your space's selling potential
- Tweaking your product line for maximum sales
- Emphasizing personalized customer service
- Making sure you have what your customer wants



**TIP #1: PLACE IMPULSE-BUY ITEMS NEAR CHECKOUT**

Ask yourself this question: How many times have you witnessed someone purchase a candy bar, batteries, or even a tabloid newspaper in the convenience store checkout line? I'll bet it's a lot. Many retailers—from large supermarkets to small convenience stores—have perfected the art of placing impulse-buy items near the register, which is a surefire way to boost overall sales.

When choosing how to place items near checkout, consider lining up those impulse-buy items in your inventory. Run customers through a gauntlet of products on both sides before they reach the register.

As for what type of product to choose, low-cost, frivolous items seem to do well, as do “I need it anyway items” such as razor blades.

Also consider the example set by large computer retailers who sell non-electronic impulse-buy items, such as two-liter soda bottles or comic books.

**TIP #2: DRIVE EXTRA PURCHASES WITH PROMOTIONS, SUCH AS BUY 5 OF AN ITEM FOR \$15 INSTEAD OF \$17**

Why not reward customers with a promotion that gives a break for purchasing a little more than usual? For example, what if you gave frequent customers a break with x for y pricing?

Consider a wine store that lets customers purchase five bottles of chardonnay for \$55 total instead of the normal \$60? By doing so, you prompt customers to spend more money during each visit than typical and boost customer satisfaction, not to mention spread word-of-mouth to potential customers. By keeping good customer records, such promotion methods become a snap.

**TIP #3: EXPAND THE VARIETY OF TOP-SELLING ITEMS**

Good business people know their businesses. For retailing, that means you must know what product lines sell and what lines don't. Focus your efforts on expanding top-selling product lines while shrinking or even dropping poor sellers. That way you boost shelf space for hot sellers and increase the products customers will buy.

Consider a wine store as an example. Before the manager gathered sufficient sales information, he ordered wine varieties by feel. Sometimes he'd order more cabernet sauvignon, sometimes more merlot. In summer, he'd favor whites over reds. Once he took the time to examine actual sales data, however, he realized that customers rarely purchased white zinfandel, but went crazy for sauvignon blanc. His response? He dropped white zinfandel altogether and gave the shelf space to sauvignon blanc. Customers now have more choices of the product they want, helping to drive sales.

The point is, without good product data, you cannot maximize your business's profits.

#### **TIP #4: EXPERIMENT WITH NEW PRODUCT LINES**

The retail business, like fashion, evolves over time. The products you sell successfully today may not match customer wants or desires tomorrow. Considering that fact, smart retailers constantly experiment with new product lines to see what sticks. Most times a new product won't affect revenue much — it's best to drop those lines. Once in a while, however, experimentation pays off with a new product customers love. Such hit products practically sell themselves — a big sales boost from both impulse and destination buyers.

The best advice for any experimentation in business: start small. Avoid big bets until your business data proves success, then keep moving up until you reach the optimal price/product mix. Regardless of whether a particular new product succeeds, you'll learn more about your customers by experimenting.

#### **TIP #5: MAKE CUSTOMERS WANT TO BUY MORE**

If you need accounting advice, would you be better off going to accounting school or hiring a CPA? Most smart people will choose the CPA. The same applies to your store's layout. Does your store design make customers want to buy more products? Do you know the best lighting for your space? How about whether a grid layout works better than a free-form layout? A consultant who specializes in helping retailers maximize their space's potential can work wonders for the bottom line.

As with hiring any outside help, make sure you check out the consultant's credentials beforehand and agree on exactly what service they will provide

for what price. That way you get what you ask for, minus any surprises. Be sure, moreover, to document your product sales on a before-and-after basis to measure the consultant's impact.

**TIP #6: EDUCATE YOURSELF AND EMPLOYEES ON SALES TECHNIQUES**

I cannot tell you how many times I've stood bewildered in a store wondering whether anyone knowledgeable worked there. I had an idea of what I wanted, I had the money, but lacked the help—an unacceptable situation in retailing. Or consider an employee, in answer to a customer query for a product not stocked, simply answers “No, we don't sell that.”

To avoid such missed sales opportunities, you'd do well by training your employees on basic sales techniques such as qualifying the customer, overcoming customer objections and following up on the sale. The employee in the unstocked item scenario, for example, should know how to lead customers to similar products. By taking the time to properly train your employees, you'll both boost the amount customers purchase and increase their satisfaction.

**TIP #7: KNOW YOUR CUSTOMERS' NEEDS AND MEET THEM**

One of the worst mistakes retailers make stems from basing decisions on guessing what customers want rather than on solid evidence. Do you truly know women want the white blouse over the red one, or do you just think they do? How do you know customers prefer one soda compared to another without asking them? All such examples fall under the category of “I know best for my business.” Such certainty usually proves mistaken. Without fact-based information I promise you cannot maximize the amount your customers purchase. Why take the chance?

How then do successful retailers know their customers' needs? They ask them. Whether it's asking customers a few questions at checkout or asking loyal customers to meet for a focus group, by learning their needs you quickly gain insight into what makes them buy.

When doing such market research, the more methodical and detailed you work the better. Consider asking every female customer one question about a new product line. Create a graph from the results in a spreadsheet program, then ask questions of yourself. Do my customers see value in this product? Are they likely to buy? What else have they told me? When you get the results, go out and meet their needs.

**TIP #8: BECOME AN EXPERT ON YOUR PRODUCTS**

When running a retail business, think of the hardware store. When you head to the hardware store, you generally know you need something, just not exactly what. But you count on the hardware store's employee knowledge and expertise to sell you the items you need. The same concept applies to your store: By becoming an expert on your products, you ensure your customers purchase the exact products to satisfy their needs. Without such expertise, how can you know what substitute might work better than what they've asked for?

Many retailers open stores based on a pre-existing expertise — an avid runner opening a running store, for example. Regardless of your knowledge level, you can boost your expertise by talking to suppliers, researching your products online, or even taking classes in your store's subject area. Once you've become an expert, customers will learn to trust your judgment, letting you ensure they've purchased everything they need.

**TIP #9: OFFER IN-STORE COUPONS**

By offering customers in-store coupons you automatically encourage them to purchase items beyond their initial needs. In-store coupons work especially well for building new product awareness. Simply pick an item you wish to push, create coupons on your computer, then place them near the item. (Be aware, of course, that coupons can be copied, so keep a close eye on how many you make.) Then watch customers scoop up the savings and boost your sales.

Consider, for example, a small crafts shop owner who creates tasteful \$5 off coupons for a new line of hand-made silk bags. Placed near the bags, customers find an instant incentive to purchase the bags, then subsequently show them off to friends.

**TIP #10: GIVE CUSTOMERS MULTIPLE WAYS TO PAY FOR MERCHANDISE**

Have you ever walked up to a register and handed the clerk your credit card, only to be told the store doesn't accept plastic? There goes a guaranteed sale simply because the retailer didn't offer multiple payment methods. How absurd! Studies have shown, moreover, that customers who use credit cards tend to spend more than customers with cash.

When accepting multiple payment methods, whether it be cash, credit, check or debit cards, be sure your system works quickly: otherwise you'll defeat your purpose by frustrating customers with long checkout procedures. Technology can help by integrating payment processing with your backend systems.

**HOW QUICKBOOKS POINT OF SALE CAN HELP INCREASE CUSTOMER SPENDING**

For boosting the amount each customer spends, QuickBooks Point of Sale truly shines. Combined with a POS hardware bundle, which includes a receipt printer, cash drawer, bar code scanner and credit card reader, QuickBooks POS becomes an integrated system for:

- Improving customer service by increasing employee productivity
- Increasing sales by receiving multiple payment methods including credit cards, debit cards and gift certificates
- Running personalized customer promotions by building detailed customer lists
- Tracking sales associates' performance to see who needs more sales training
- Purchasing only merchandise with the best sales potential by tracking which of your vendors' products rack up the highest sales

QuickBooks POS provides detailed inventory reports, giving you the data you need to determine correct pricing and product mix.

With QuickBooks POS running your operation, you'll have the tools to get your customers to buy that extra 33%.

**TIP #11: KEEP SHELVES FULLY STOCKED WITH YOUR HOT-SELLING ITEMS**

You succeeded, at some expense and effort, in bringing in a new customer. She asks your sales associate for the cute summer top you advertised, only to be told your store doesn't have her size. She leaves, never to return. Few things hurt sales, not to mention frustrate customers, more than failing to stock an item customers want. On the flip side, no business succeeds by tying money up in excessive inventory that may or may not sell for months.

A good inventory management system proves crucial to keeping shelves stocked with hot sellers while keeping inventory to a minimum. Without such a system, you'll simply be guessing how much to order.

**TIP #12: BUILD CUSTOMER LISTS SO YOU CAN INFORM THEM OF SALES ON PREVIOUSLY PURCHASED PRODUCTS**

Consider a small gift shop using a POS system to handle transactions. By checking each customer's previous transactions, the owner informs customers about sale items they might find interesting.

In the old days before computers entered the retail business, to personalize retailing for specific customers meant keep track in your head what they last purchased, how much they spent and what they like.

Thanks to POS systems, today retailers of all sizes quickly access customer information — information used for personalized offers or services.