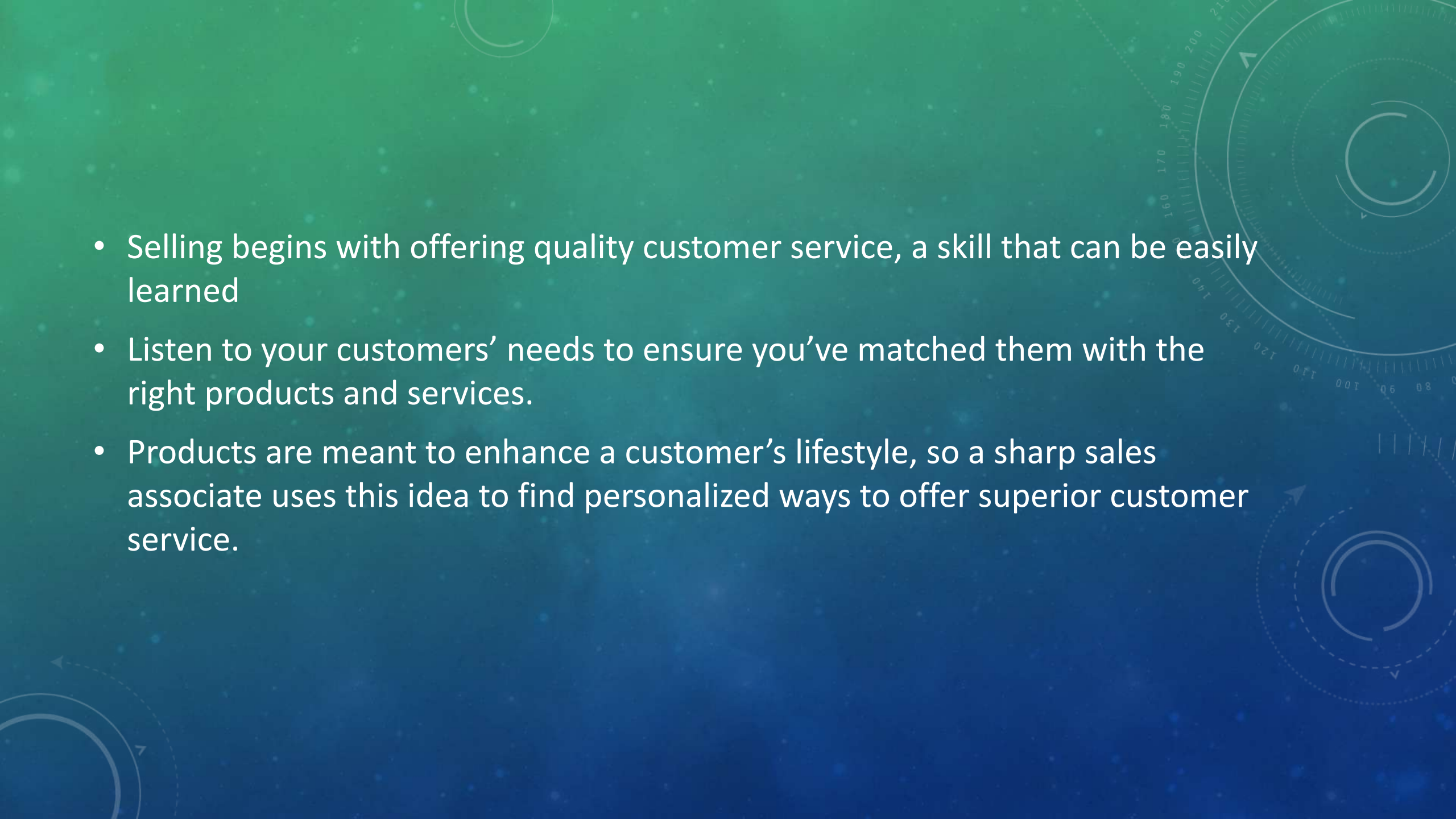
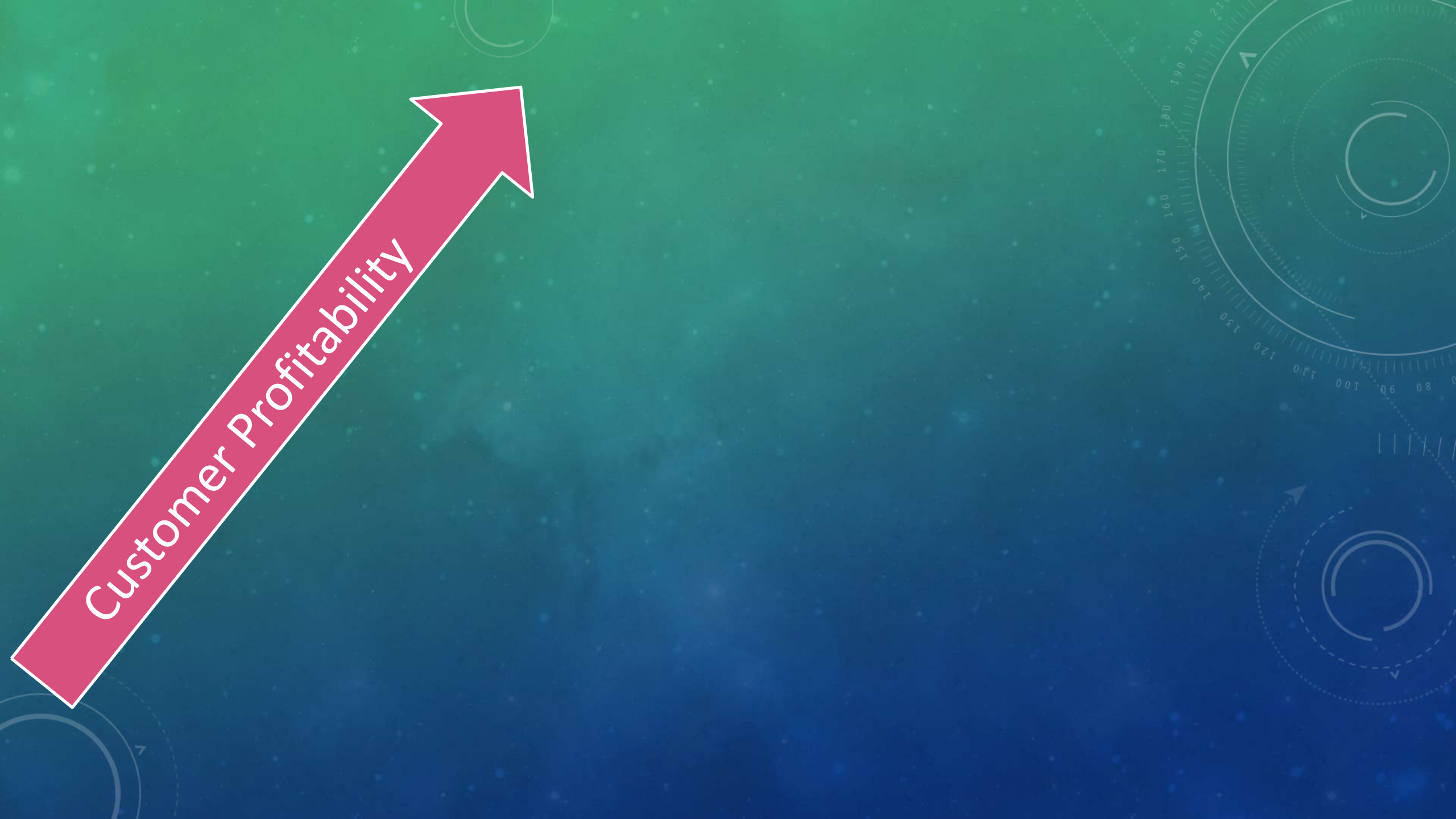


The background is a gradient of green and blue, with a subtle pattern of small white dots. On the left side, there are several circular elements: a large scale with numbers from 140 to 260, and several smaller circles with arrows indicating a clockwise direction. The text 'CHAPTER 3' is written in a large, white, sans-serif font on the right side.

CHAPTER 3

SELLING AND SERVICE

- 
- Selling begins with offering quality customer service, a skill that can be easily learned
 - Listen to your customers' needs to ensure you've matched them with the right products and services.
 - Products are meant to enhance a customer's lifestyle, so a sharp sales associate uses this idea to find personalized ways to offer superior customer service.



Customer Profitability

PLATINUM SEGMENT

- Retailer's most loyal customers
- This customer usually places more value on customer service than low price.

GOLD SEGMENT

- 20% of customers
- Lower lifetime value than platinum customers because they are more price-sensitive
- Buys a significant amount of merchandise from the retailer, they are not as loyal as platinum customers and probably patronize some of the retailer's competitors.

IRON SEGMENT

- Extremely price conscious and there not as loyal to a particular store or brand.

LEAD SEGMENT

- Customers can actually cost the company money.
- Demand a lot of attention but d not buy much from the retailer
- Ex: real estate agents often encounter this with people who want to spend their weekends looking at houses but are not really interested in buying one.

CUSTOMER RECORDS

- If you want to succeed in offering great personal service to customers, you will rely on maintaining a record of needs, preferences, and other information that customers willingly share with you.
- Your record system may be digital, a notepad, or three-ring binder.
- The most important thing is to collect information and keep it up-to-date.
- The record system should contain basic information that helps you deliver personalized assistance, such as notifying your customer when the store receives a new items that might be of interest to him or her.

BASIC INGREDIENTS OF A CUSTOMER RECORD

- Begin by recording information about potential customers, such as your friends and family, or people who come into your store but don't buy anything.
 - If they are looking for a specific item but don't find it, make a note about their request in case you can help them later.
- Record any purchases your customers make so you can begin to understand their shopping habits.
 - Use this record to keep track of your follow-up activities. Include notes about any sale notices, coupons, thank-you cards, promotional announcements, invitations to demonstrations or workshops, etc. that you have sent to each customer.
 - If they respond, make a note of that as well so you can include them in future special activities.

CLIENT RECORDS SHOULD CONTAIN:

- Name
- Email Address
- Address
- Telephone Number
- Occupation (or hobbies, collections, activities, projects, or other interest that influence buying preferences)
- Date and type of first purchase or contact
 - What was the customer shopping for? What, if anything did he purchase?
- **Preferences or specifications:** Do the customer's size selections vary by brand name or type of item? Does she have color or style preferences? Label or brand-name preferences?
- **Special considerations:** Is your customer allergic to certain fibers? Does she travel a lot? Does she work the night shift?
- **Other considerations:** Does your customer prefer to have products delivered? Assembled? Regularly services?

MANAGE YOUR CUSTOMER DATA

- Your collection of customer information is a “living” record because a customer’s preference needs, sizes, etc., may change considerably over time.
- Record every bit of information you receive.
- Review your client records regularly. New opportunities may suddenly arise.
- Privacy is important to everyone! Never leave your client records where others may see them.

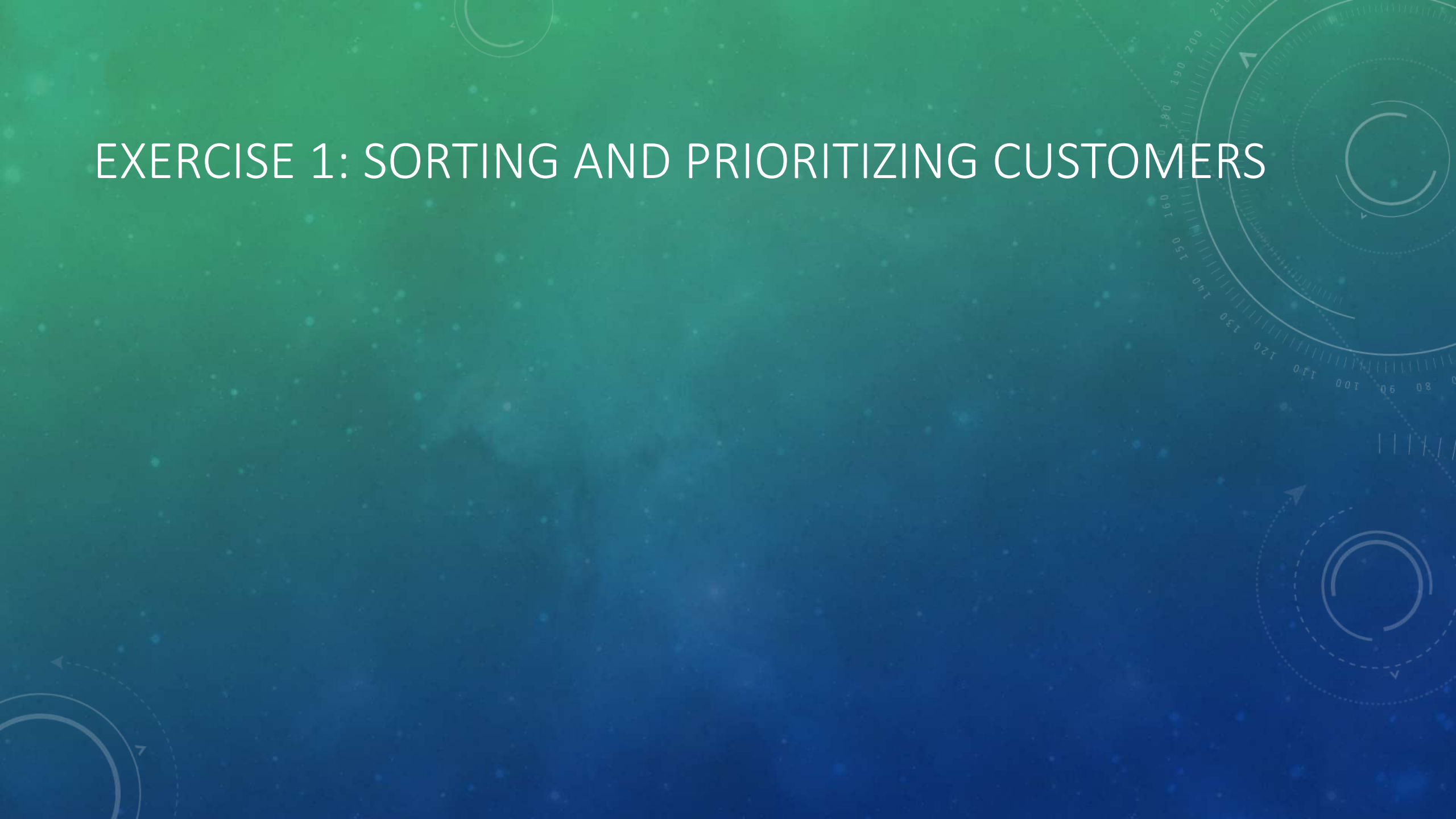
LOYALTY PROGRAMS

- Customers receive special offers or rewards by shopping at their store, staying at their hotels, or flying their airlines.
- They utilize customer data that was obtained from their past purchases as well as any information you input regarding their preferences.
- Use customer data to tailor their product offerings and promotions to better meet the needs of their loyal customers.
- Customers enroll in these programs and are offered incentives to use a special card or account number when they make purchases.
- Restaurants also offer frequent shopping cards.
 - Ex: buy sandwich, cashier scans card, 10th sandwich is free.

FROM THE RETAILER'S PROSPECTIVE, FREQUENT SHOPPER OR LOYALTY PROGRAMS OFFER 2 BENEFITS:

1. Customers provide useful information when they sign up for programs that help the retailer treat each customer uniquely.
2. Customers are motivated by the rewards to increase the number of visits and the amount purchased on each visit to the retailer.

EXERCISE 1: SORTING AND PRIORITIZING CUSTOMERS



REFERRALS

- Referral—when a person recommends a store or sales person based on his or her experience.
- Great way to increase customer base
- If you really want to build your clientele, you must ask for referrals.

COMMON EXCUSES FOR NOT ASKING FOR REFERRALS:

- Not comfortable asking for referrals.
 - Primary reason—we remember situations when a sales person approached us for a referral, and the experience was not too good.
- Customers may think I'm being pushy.
 - If you've done everything right during the sales process, ask in a non-threatening, non-aggressive manner.
 - When people buy something they are usually in a highly charged emotional state and want to share that experience with others.
- If I did my job properly, my customer will automatically recommend me.
 - They may recommend the store, but not you specifically

HOW TO ASK FOR REFERRALS

- “If you’ve been happy with the service I’ve provided and know someone who could benefit, have them give me a call.”
- Once referrals start to show up at your store, you need to take care of the new prospective customers at least as well as you did your original customer.
- Show gratitude to the person who referred the new client by:
 - Call the customer who referred the new customer and thank them for the referral
 - Send a thank you card to the original customer
 - If the original customer sends in many new customers, consider rewarding the original customer with a coupon for a percentage off their next purchase, or a gift card

- Caters, hairstylist, consultants, trainers, architects, contractors, electricians, plumbers, and carpenters all rely on referrals to stay in business. There is nothing inappropriate about asking for a referral to generate more business. In fact, the more referrals you ask for, the more business you will get.

EXPERT VS NOVICE ASSOCIATES

Expected to become experts on the products in their department, related services, company policies, and relevant industry issues

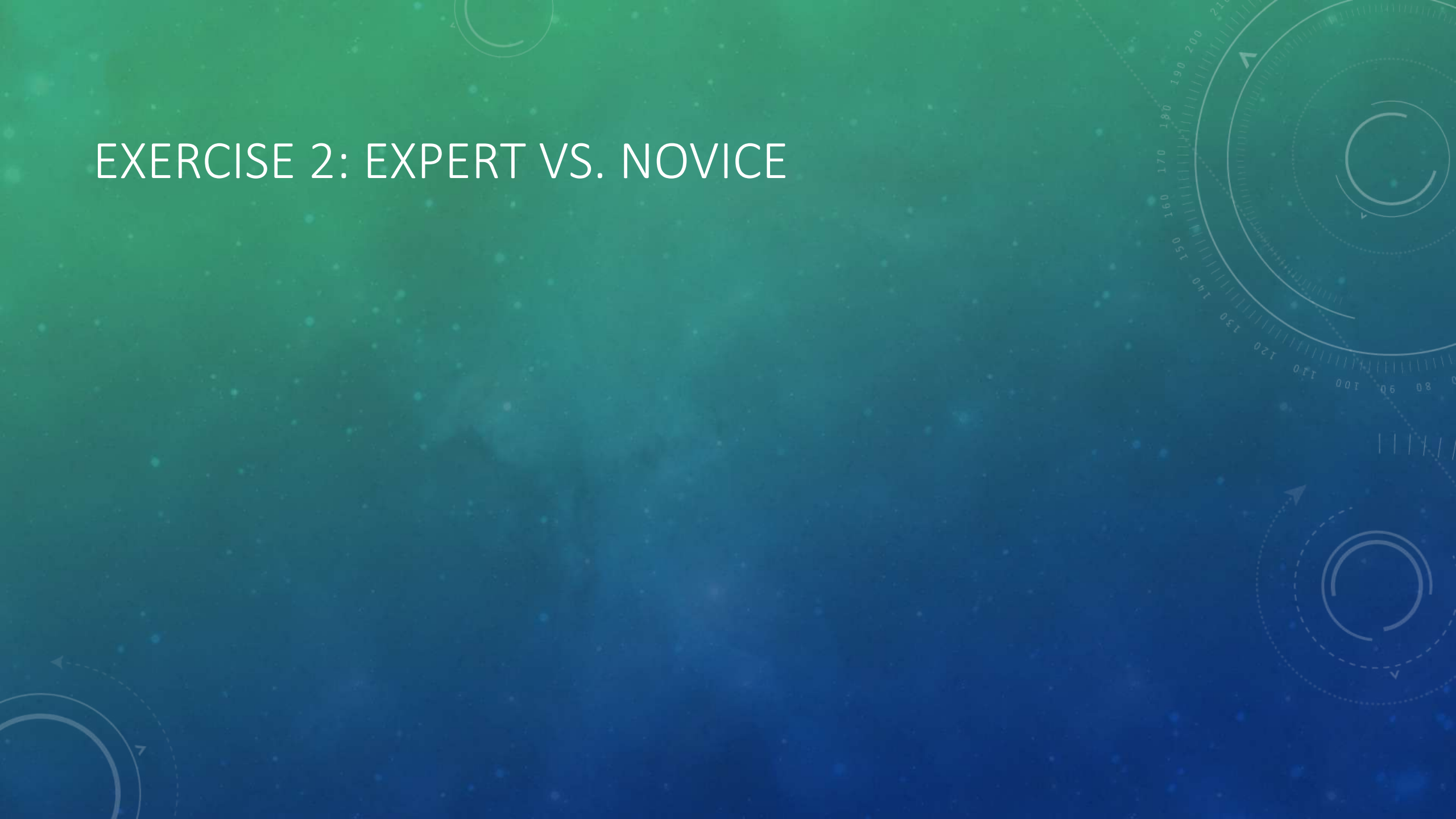
Can answer “why” and “how” questions

Expected to learn about products and services offered

Seek out those with more experience when they have questions

Tend to focus their learning on answering the questions “what” and “where”

EXERCISE 2: EXPERT VS. NOVICE



SUPPORTING THE DEVELOPMENT AND EXECUTION OF SALES STRATEGY

- Unique Selling Proposition—what retailers offer that differentiates them from other retailers who offer the same or similar products.
 - EX: Domino's Pizza used to promise to deliver your pizza within 30 minutes or it would be free. Their unique selling proposition was not great pizza; it was fast service.
- Selling and Service Models—The service provided at a retail store is aligned with the retailer's business model. Two main models:
 1. Self Service
 2. Relationship Building

2 MAIN MODELS OF SELLING AND SERVICE:

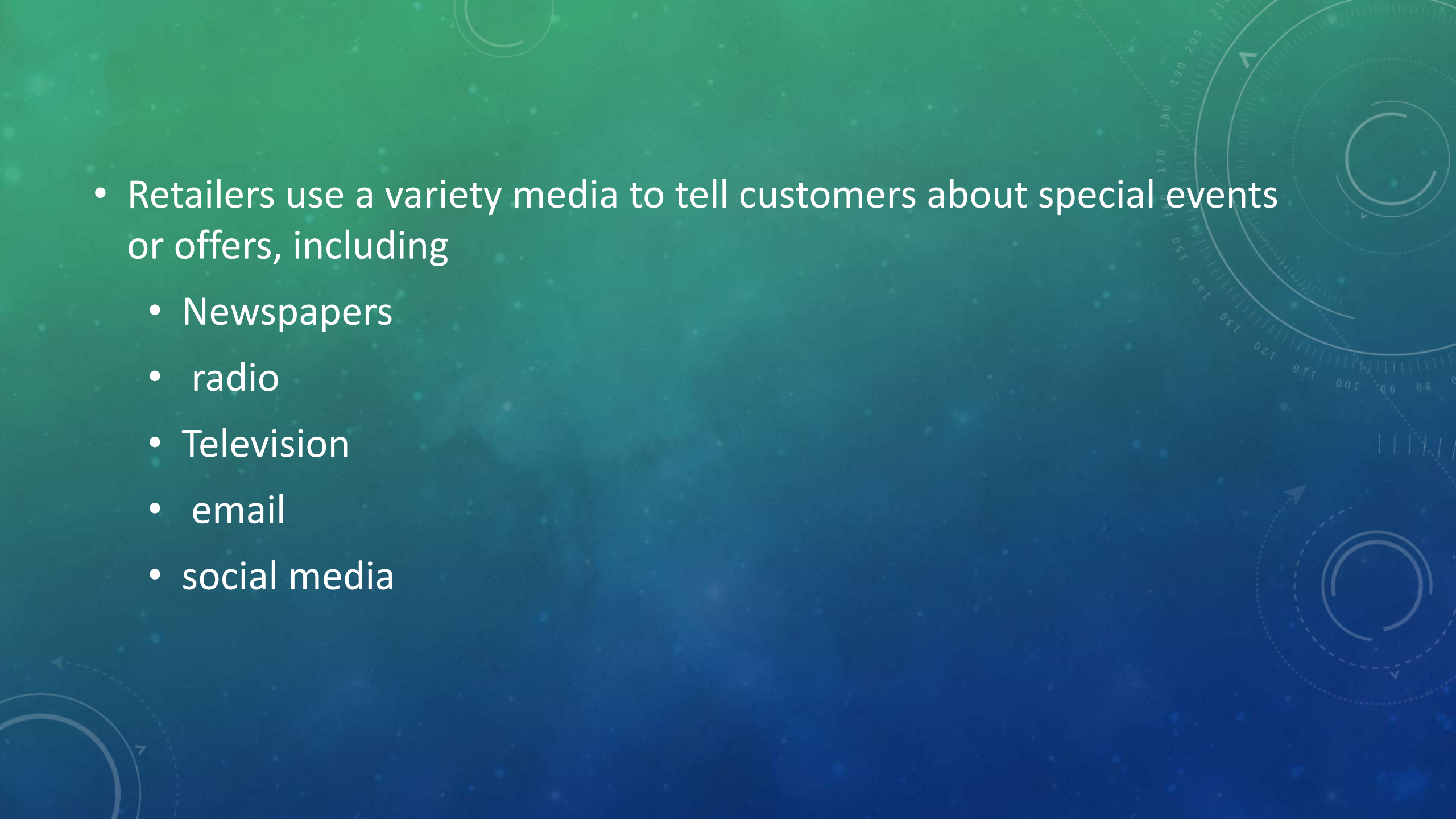
1. **Self-service**—customers expect limited interaction with associates. Retailers with self-service checkout lines and online shopping are examples.
2. **Relationship building**—Customers expect to interact with associates and receive recommendations, information, and answers to their questions. Expect salesperson to help them make buying decisions. EX: stores selling furniture, jewelry, or electronics
 - In many department and upper-end stores, the salesperson may act as the customer's personal shopping assistant. The store's approach here is to build a client relationship so that customers are not only loyal shoppers at the store, but they return to shop with a specific salesperson.
 - In either model, customer always expect a store with friendly, respectful, and efficient employees.

PROMOTIONS

- **Promotions**—refers to raising customer awareness of a product or brand, generating sales, and creating brand loyalty.
- As the expert on your customers and the products you sell, you can be a great source of ideas on how to move slow-selling items or feature new merchandise in a way that will attract customer attention.
- Consult with your manager before creating a promotion.
- In larger retail stores, the promotion will be set by the corporate marketing department.

ADVERTISING AND PROMOTIONS

- Reasons people are attracted to various stores:
 - Offer a wide variety of goods
 - Well-known or high-quality brands
 - Latest models or fashions
 - Convenience
 - Can get services that are important to them
 - Can get the best value for their money
 - Special sales or discount offers
 - Advertisements for sales or discount offers

- 
- Retailers use a variety media to tell customers about special events or offers, including
 - Newspapers
 - radio
 - Television
 - email
 - social media

WHAT'S IN AN AD?

- Regular-Priced Merchandise: often new merchandise that has recently arrived in the store. Ads usually promote the latest trends, and extensive assortment, or new product features.
- Sales Merchandise: sometimes called promotional merchandise, offered at a lower-than-typical price. Use as a way of drawing customers to the store, hoping that while they are there, they will also purchase unadvertised items, which are more profitable.
- Clearance Merchandise: reduced price items that the retailer no longer wants to carry in the store.
 - Ex: at the end of summer, retailers “clear” swimming pool merchandise such as pool chemicals, bathing suits, pool toys, etc.
- Ads can cover a single item or many items.

RETAILERS TELL THEIR CUSTOMERS ABOUT SALES BY:

- **Coupons**—give customers a percentage or dollar amount off of a certain item or group of items.
 - Retailers also honor coupons sponsored by manufacturers to promote their own products.
 - Coupons are often found in magazines and newspapers, posted in stores, mailed/e-mailed directly to customers, or available on-line via a store's website or social media. Common on grocery items.
- **Newspaper ads**—used to tell customers about weekly promotions and the arrival of new merchandise.
- **Flyers or circulars**—used to advertise sales and special events. Can be mailed directly to customers or may be distributed as newspaper inserts.
- **Television or radio ads**—short in duration and reach a large number of consumers. More likely to inform customers about promotional events, such as sales, than individual items. Expensive for retailer to produce and run on the air.
- **Special events**—including product demonstrations, contest, and classes or workshops are used to draw customers into the store and encourage them to purchase the featured product.
- **Online ads and sales**—cover a variety of techniques. Retailers send emails to customer on their mailing list, run online-only promotions on their website, and use social media sites to alert customers of new products, promotions or coupons.

- Sometimes only certain styles or models are included in a promotion. A sales associate must be prepared to explain to customers what each sale includes so they can help customers avoid being disappointed by choosing an item that is not included in the sale.
- You can use the technique of suggesting additional merchandise to inform customers of special promotions: “Did you know that all clothing for this doll is 50% off right now?”
- Make it a priority to know your store’s weekly promotions so you can offer the best value to your customers, also be aware of your competitor’s ads.

EXERCISE 3: CREATING PROMOTIONS THAT SUPPORT GOALS

EXERCISE 4: PROMOTIONAL STRATEGY BENEFITS

UNDERSTANDING PRICING STRATEGIES AND POLICIES

- **Price Sensitivity**—the price that the customer is willing to pay for the product or service based on what the purchase will give them.
- Companies take price sensitivity into account when setting the prices for their merchandise or services. They ask:
 - At what price would you consider the product to be so expensive that you would not consider buying it? (too expensive)
 - At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good? (Too cheap)
 - At what price would you consider the product starting to get expensive so that it is not out of the question, but you would have to give some thought to buying it? (Expensive/high side)
 - At what price would you consider the product to be a bargain—a great buy for the money? (Affordable/good value)
- Depending on the retailer's brand and product/service mix, prices are set based on the consumer's value perception. Ex: a luxury automobile would not be "bargain priced" because that would diminish the car's perceived value.

PRICE MATCHING

- Retailers may offer price matching to assure customers that they will get the best price.
- If a retailer or local competitor sells the same merchandise at a lower price, the customer can get that amount back OR the company can sell the item for that amount.
- EX: Walmart's Savings Catcher
- Policy may be different for online sales.

THE ASSOCIATE'S ROLE IN PRICING

- When a shipment of merchandise arrives at the store, specific procedures must be followed before it can be displayed for sale.
- New merchandise must be processed as quickly as possible.
- May come in pre-priced or unpriced
 - Pre-priced—vendor has already put the price tag on the item. New items will be ready to take to the sales floor as soon as they have been checked in.
 - Unpriced—most often merchandise is not pre-priced. The type of paperwork or documentation used to price incoming shipments varies by store, but the retailer usually provides a price list, pricing guidelines, or a product pricing directory that the sales associate uses to find the correct price.
- Signs posted on shelves or displays must be constantly check to make sure they accurately reflect the current price.

- If an item goes on sale, make sure that:
 - The advertised sale price comes up when the item is scanned.
 - The correct price is shown on the shelf signage.
- Some stores use hand-held scanners to check prices. When the associate finds a discrepancy between the price on the scanner and the shelf, they can immediately download a request to the sign printer and have a new sign printed.
- Most stores believe the “customer is always right.” When there is a discrepancy between the sign and the register, they give the customer the lower price. An exception might be when the price difference is very large.

- Most stores want to maintain good will with customers by giving them the lowest price promised. Always verify any claims regarding lower advertised prices; sometimes restrictions apply and most sale prices have a deadline.
- Sales associates may be asked to change price tags when items are marked down for a temporary sale or clearance sale.
- **Clearance or Closeout**—the item will no longer be sold by that retailer. It is marked down to make room for new merchandise.

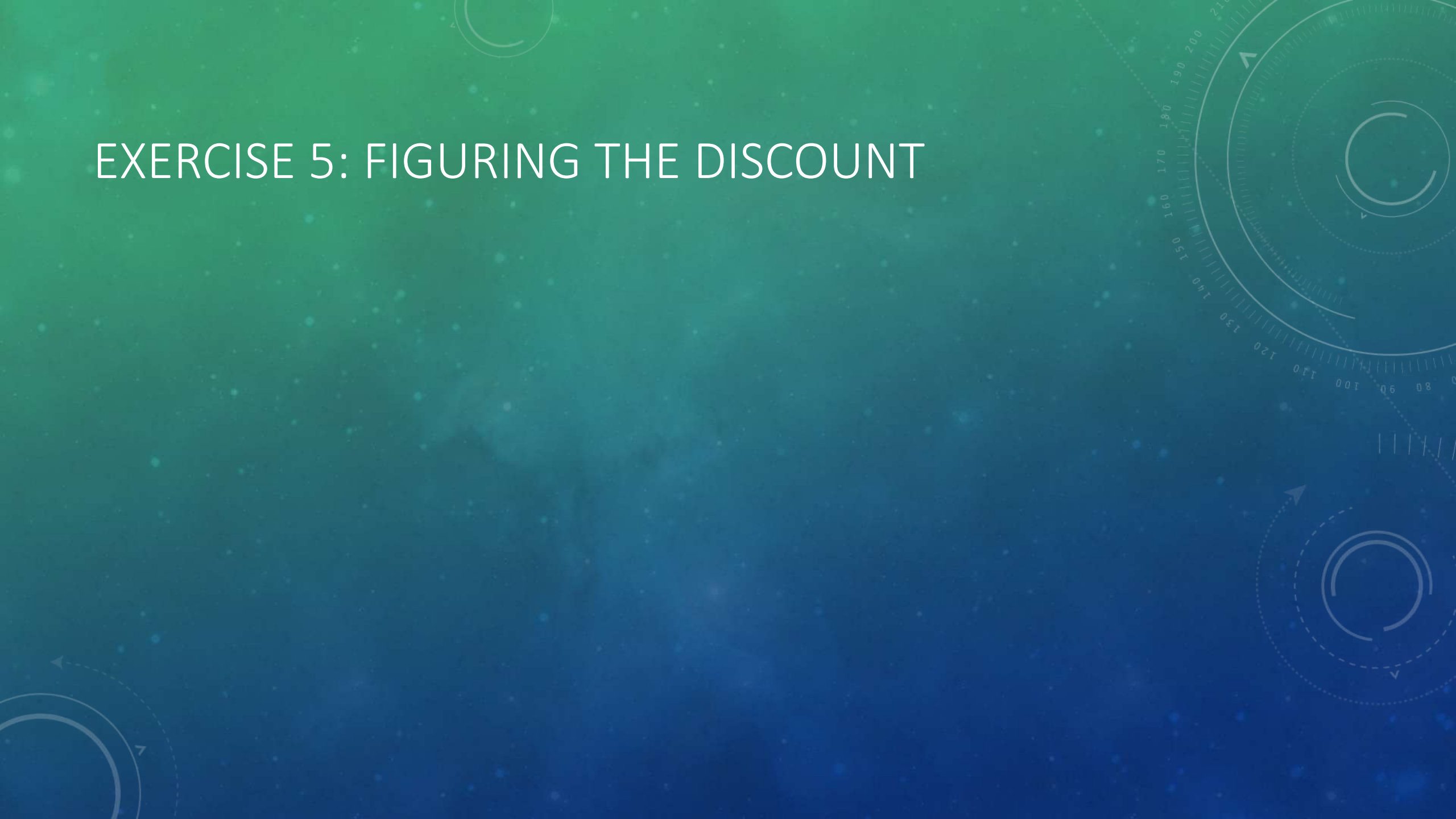
FIGURING DISCOUNTS

- Step 1: Subtract the discount from 100%.
- Step 2: Convert the percentage to a decimal.
- Step 3: Multiply the original price by the decimal. If necessary, round to the nearest penny.
- Example: the original cost is \$160.00, sale is 15% off
 - Subtract $100\% - 15\% = 85\%$ (this is the percentage the customer will pay)
 - Convert 85% to a decimal .85
 - Multiply $\$160.00 \times .85 = \136.00 THIS IS THE SALE PRICE

YOUR TURN!

- All books are 30% off. A customer wants to know the sale price of a book that is normally \$24.98. How much are the books?

EXERCISE 5: FIGURING THE DISCOUNT



SALES TAX

- Example: Total purchase before tax is \$25 and the tax rate is 7%.
- Change the rate to a decimal .07
- Multiply the total (\$25) by the tax rate (.07)
- $\$25 \times .07 = 1.75$ THIS IS THE TAX!
- Add the tax to the total.
 - $\$25 + \$1.75 = \$26.75$

INDEX CARD



EXERCISE 6: READING A GRAPH

EXERCISE 7: SELF-REFLECTION



SEE THE BIG PICTURE

- All stores set sales goals.
- Sales goals are based on the previous year's sales and how much business is expected to grow or shrink. These estimates determine the correct amount of merchandise needed to meet those sales and inventory goals.

-



Store Sales Goal

Department
Sales Goal

Individual
Sales Goal

- Retailers usually have performance standards, such as sales per hour and items per transaction, which must be reached for the store to achieve sales goals.
- Department and individual results are measured and compared to the sales plan to determine the productivity of each department and each associate.
- Retail managers use financial plans to set goals for their sales teams and to develop their staffing plans.
- Goals are usually based your experience.
 - New sales people need lower goals so they will have a good chance of achieving them.
- Managers set monthly sales goals to give their sales associates direction. Associates will often break these goals into manageable chunks to make the goals more attainable and to help them gauge if they are on track.

CALCULATING WEEKLY SALES GOALS

- Divide monthly sales goal by the number of weeks in the month.
- Goal: \$2,000, there are 4 weeks in a month (usually)
- $2,000/4 = \$500$
- The sales goal would be \$500 per week

CALCULATING HOURLY SALES GOALS

- Formula: ***Hourly Sales Goal = Weekly Sales Goal/Number of Hours Worked***
- Weekly sales goal: \$500 Hours Worked per Week: 20
- $\$500/20 = \25 Per Hour

- **Total Number of Transactions**--The number of actual sales transactions made.
- **Units per Transaction**—the total number of items within each transaction. A great way to increase sales is to increase the number of units per transaction.
 - If you sold 15 items and had 10 transactions, what is your “Units per Transaction” average?

AVERAGE SALE METRIC

- An indication of how much each consumer buys
- ***Average Sale = Total Sales Value / Total Number of Transactions***
- Example: I sell a total of \$785 of merchandise in a day, and I checked out 10 people. What is my average sale?

SALES PER HOUR

- Measure of sales productivity and provides a measure for comparing sales volume for the store and staff.
- ***Sales per Hour = Total Sales Value/Total Hours Worked***
- Example: If your total sales value equaled \$1,500 and you worked 20 hours, what was your sales per hour?

SMART GOALS

- A simple process used to write quality goals.
- **S—SPECIFIC**—Make sure the desired result is clear
- **M—MEASURABLE**—Include specific quantitative and/or qualitative measures, make sure they can accurately determine success, and use specific numbers or percentages.
- **A—ACHIEVABLE**—Ensure the measure, result, and time frame are all reasonable, make the objective challenging yet attainable.
- **R—RESULTS-ORIENTED**—Identify a specific and valuable accomplishment, outcome, or end product.
- **T—TIME-BASED**—Establish a specific time for achieving the result.

EXERCISE 8: WRITING SMARTER GOALS

