



By Stan Pohmer

Converting browsers and existing traffic to buyers is by far easier and less expensive than attracting new traffic. And the principles that increase the conversion rate often lead to higher register rings from your existing customers.

RETAILERS SEEK CONVERTS!

Just because you have a solid customer base doesn't mean you can't afford to get more. See how you can do this and what it will take to add those converts to your store.

No, this isn't going to be a religious diatribe with lots of choir singing and hellfire and brimstone sermons (though I may be in need of that on more than a rare occasion). But this will be about the necessity for conversion in the retail environment. Allow me to explain (before you start believing that I've totally lost my mind...).

First, I'll share a simple, undeniable fact. There are two common excuses for sales performance on any given day in retail stores across the country: "There's no traffic," and "It's so slow!"

Retailers spend billions of dollars every year in advertising and promotion trying to entice customers to walk over store thresholds and through the front doors. It's the game of increasing your store's body count, simple and measurable. But how much of those billions of dollars are wasted because we've overlooked the sales opportunities? What about the potential these customers we've worked so hard and spent so much to get are lost because of inadequately trained, poorly motivated and/or overwhelmed employees? Each and every day sales are being lost because of poor customer service and lack of employee accountability.

Doing The Math

Would it shock you to learn that most retailers sell to less than 20 percent of their stores' traffic? And in mall environments, this number is even more dramatic: They sell to less than 10 percent of

the traffic that visits the store. Now independent garden centers may be in a slightly better position, being that they are destinations and most customers visit with a serious intent to purchase. However, I dare say you are converting less than 40 percent of the customers that walk through your doors each and every day.

Working the math, that means that you are converting 40 out of every 100 customers who are shopping your store; if you were able to convert just two more of those 100 shoppers to actually purchase, you'd generate a 5-percent increase in sales. Convert four more and you'd realize a built-in 10-percent increase, all without spending an additional dime in advertising to draw more traffic.

There are only three ways to increase sales:

1. Increase traffic to your stores (so the base is higher to leverage your 40-percent conversion rate on).
2. Convert a higher percentage of your shoppers into buyers.
3. Increase the transaction value for all buyers, so each one spends more per visit.

Of these, which is the easiest and most cost effective? Converting browsers/existing traffic to buyers is by far easier and less expensive than attracting new traffic. And the principles that increase the conversion rate often lead to higher register rings from your existing customers as well.

In no way am I suggesting an advertising program isn't important or a necessary investment. But I am saying that, in general, we

aren't doing a good job of servicing the traffic these ads and promotions generate and we're missing a golden opportunity to both increase sales and leverage investments in advertising campaigns. (Basic math again: Advertising costs are shown on your profit and loss statement as a percent of sales; increased sales lowers your advertising/sales percentage ratio resulting in an improved gross and net margin rate and increased profit.)

Increasing Customer Conversion Rate

So what can you do to increase your customer conversion rate? Improved store design and layout, better fixtures, more lighting, sound systems and an overall improved shopping experience may help in this effort, but these investments really pay off on retaining the customers you already have, not significantly aiding the improvement in converting your non-buying customers to purchasers. The single most important factor in the conversion game is customer service — your employees.

Think about this: 90 percent of those who are dissatisfied with the service they receive not only don't buy but also never return to that place of business. Ninety-six percent of unhappy customers relate their dissatisfaction to their friends, a.k.a. former potential customers.

The first step in ensuring good customer service starts with you, the manager. Set your standards high and don't accept anything less from you or your employees. ♦

The way you treat your employees is often transferred to customers.

Recruiting the right people with the right attitude is critical. Everyone's favorite neighbor, Mr. Rogers, boiled it down to this, "The thing I remember the most about successful people I've met all through the years is their obvious delight in what they're doing...they just love what they're doing and they love doing it in front of others."

Exceptional people skills, the ability to ask questions and listen, an outgoing personality, being caring and having a genuine desire to help people are all critical skills and attributes you should look for in an employee who will most likely be the only person your shopper will encounter, and this individual will be the persona of your company to the customer.

We have a tendency to pay our entry-level employees not much more than minimum wage and then expect them to provide exceptional customer service. But look at

it another way...if you find the right person who can convert just two more out of every 100 customers who walk through your doors in response to your advertising investment, that's going to generate a 5-percent sales increase. Can you afford to jeopardize this increased sales potential by penny pinching and not hiring the best people and paying them for their skill sets?

But having good people without providing them with good product knowledge training won't allow them to reach their conversion potential. Sure, good point-of-sale signage is critical and helpful, but this mostly benefits your existing customers who are more apt to serve themselves; the browsers are the ones who need the most personal attention and are usually the ones who are the least knowledgeable and require help making the right purchase decisions. And if they're successful with their purchases, I guarantee they'll be back!

With training, employees not only will be better prepared to max-

imize the conversion rate but they also will feel more confident and appreciated. Selfishly, this also results in a better work ethic and morale and lower employee turnover, so there's a definite pay-back in this for you as a manager.

Customer Service Is Key

The late Mary Kay Ash, founder of the phenomenally successful cosmetic company Mary Kay Inc., a company that built a superior customer service model, said, "We must remember that people will continue to do business with those who give good service, and certainly there is no traffic jam on that extra mile."

Advertising and promotion are expensive investments in your business, designed to bring traffic to your store. But unless you convert more of these browsers into customers, you haven't fully leveraged your investment or maximized your sales potential. And it's your motivated employees who understand and enjoy the chal-

lenge of educating and providing service to your customers that will make the difference in reaching these potentials

I know a few retailers who are seeking some converts, understanding the opportunity and critical importance these converts present to their businesses. Are you ready to stand up and be counted as a believer? Say hallelujah and amen... ✨

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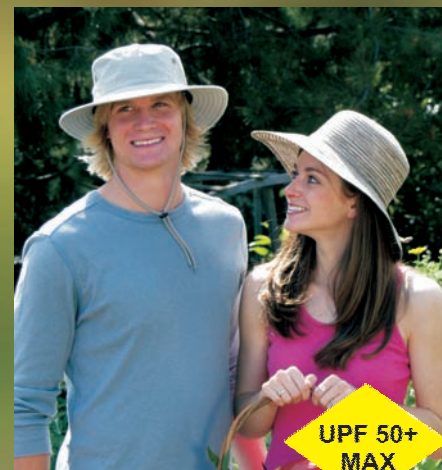


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