



THE ART OF THE

Upsell

EXECUTIVE SUMMARY



What Is Upselling?

Upselling is a sales technique aimed at persuading customers to purchase a more expensive, upgraded, or premium version of the chosen item, or other add-ons for the purpose of making a larger sale. Many businesses utilize upselling and cross-selling techniques to increase value for the customer and maximize their own profit.

Should You Upsell?

Upselling is a popular technique because both the business and customer benefit. With the right techniques, you can boost your revenue with little effort or cost to you, while also giving customers more value for their money.

Businesses operating in the online space rely heavily on upselling for several reasons:

- 1. It's easier to upsell to existing customers than to acquire new ones.** Lead generation can be expensive and time and effort-intensive. It's much easier and cheaper to optimize a sale to an existing customer who already trusts you than to make a sale to someone who has never heard of your brand.
- 2. Upselling builds a deeper relationship with your customer.** Upselling doesn't seem so bad when you put it in perspective. It focuses on helping your customers get more value by suggesting premiums, upgrades, and add-ons that will make them feel like they got a better deal.
- 3. Upselling increases Customer Lifetime Value (CLV).** Customer Lifetime Value (CLV) is the net profit contribution a customer makes to your company over the life of your relationship with them. Some customers will buy from you, and some will buy from you a lot. The more a customer spends, the higher their CLV. Plus, you're getting revenue from customers you didn't have to spend any additional money to get, which allows you to spend more on getting more new customers.
- 4. Upselling keeps them coming back.** Upselling adds value to customers and makes them want to come back again and again. If you offer great customer service along with your upselling campaigns, you'll have happy customers that return again and again.

Upselling vs. Cross-Selling

Cross-selling is encouraging the customer to purchase additional, related products in conjunction with the product they have already purchased.

If you offer a separate product or service that compliments or enhances their initial purchase, cross-selling is a great way to generate even more revenue.

Here is an example of upselling vs. cross-selling:

- **Upselling:** *“Do you want to supersize that?”* – You go into a restaurant and order a burger for \$6.99. Your server explains that for just \$2 more, or \$8.99, you can get a premium upgrade that adds cheese and aioli. And then she offers the ultra-upgrade. For just \$10.99 you get cheese, bacon, aioli, and onion straws. You want cheese and you love bacon so you go for it.
- **Cross-selling:** *“Do you want fries with that?”* – You go into a restaurant and order a burger for \$6.99. Your server offers a side dish of either fries or a green salad for an additional \$3.99. Of course, you take the fries because who wants to eat a hamburger without fries? Then, she offers a beverage. You can choose a soft drink for \$2.99 or a milkshake for \$5.99. You choose the milkshake and now your \$6.99 burger is costing you a little less than \$17, but you’re happy because you’re getting a great meal.

In a retail dive business, for example, you might have a customer who enrolls in an Advanced Diver course to prepare for an upcoming tropical vacation. How might you Upsell and Cross-sell?

- **Upselling:** *“Would you like to save by also signing up for Rescue Diver today?”*
 - What additional training or services might enhance their experience?
 - What bonuses do you offer when they sign up for one of your dive trips?
- **Cross-selling:** *“Would you like reef-sunscreen with that?”*
 - What equipment would enhance their experience as discounted add-ons when purchased with course registration?
 - What other services (club membership, travel, other services) might be enticing?

How Upsell Effectively

There are many upselling techniques out there, but before you can upsell effectively, you need to have a good base in a few key areas.

Know Your Audience

Who is the ideal person who sees your product or service, does some research, and pulls the trigger for a sale? When thinking about your audience, it's helpful to know who they are, what their challenges are, and how they could benefit from your product or service.

Here are some key steps to developing strong, long-term relationships between your audience and your business.

1. **Review current data and analytics.** A great way to begin this journey is by reviewing any current data you already have about your audience. Any relevant analyses your company has conducted about your customers will help you to know your audience on a deeper level.
2. **Look at your previous successes.** While doing your research, pay attention to what is currently working. Look for clues from your audience about what products, services, support, and marketing efforts are making the grade. This information can provide valuable insight into the needs of your audience and what resonates with them.
3. **Create buyer personas.** Having good buyer personas allows you to better understand the needs and challenges of your target audience. They can also help guide your product or service development and allow your marketing to be very audience-specific, which makes it much more effective. Creating buyer personas will help you to better understand the vast number of reasons your audience needs your product or service.
4. **Conduct surveys.** Surveys allow you to ask your audience for general statements about your business practices and offerings, as well as get specific details about what they really want or need from you. You can also find out what's working, what's not, and why.
5. **Watch the competition.** Understanding what your competition is doing well and what they aren't, how they're targeting the same audience as you, and the response they're getting will help you determine your own path forward. Simply selling at a lower price may underbid for the transaction, but it undermines the value of your business and the whole industry by doing so. Instead, what value or service experience can you add that differentiates your business without devaluing the service you provide.

6. **Monitor audience engagement.** Monitor your audience's feedback, whether it's with surveys or through their comments and engagement on your blog or social media. This will show you positive and negative patterns so you can maintain what's working and change what's not.
7. **Don't be afraid to experiment.** Testing out new ideas with your audience will help you to determine if your business is evolving *with* your audience as you grow and create new offerings. This will help you to invest in things that work and avoid investing in things that don't. Try new approaches and ask for feedback. Your customers will tell you what they want and how satisfied they are with the buying experience. It's your job to ask, listen and adapt.

Build Out Your Customer Journey

There are a lot of benefits from mapping out your customer's journey.

- **Identify customer pain points:** It's helpful to recognize, at each step of the customer journey, how customers feel, what their needs are, what actions they take, and what questions they need to have answered.
- **Improve customer retention:** A thoughtfully devised customer journey map considers the post-purchase experience.
- **Improve marketing efforts:** When you understand how your customers make decisions, how they do research, and which platforms they tend to utilize, you can use that information to better address their needs.
- **Understand your customer better:** When you know how your customers navigate through your funnel, you can personalize your offers for better results.

There are really five main steps to creating a customer journey map. Once you get a handle on these, you can add to them to hone them to your specific needs.

1. **Create several relevant buyer personas.** Before you can create a worthwhile journey map, you have to understand who your customers are.
2. **Know the buyer's goals.** Once you have built your personas, you need to have an in-depth understanding of what each persona is trying to achieve as they travel through your journey map.
3. **Map out buyer touchpoints.** A touchpoint refers to anytime your customers come in contact with your brand whether it's before, during, or after they have made a purchase.

4. **Identify customer pain points.** Now that you have gathered all of this useful data, look at the big picture to identify the parts in your customer journey map that may be roadblocks to your customers.
5. **Prioritize the problems and fix them.** Now you can take all of the information you have collected and use it to make your customer's journey better than ever.

Consider Pain Points and How to Offer Solutions with Your Products

Offering solutions and benefits to your customer through upselling requires you being aware of their pain points. After all, it's their pain points that likely brought them to your product or service in the first place.

There are three components to consider when crafting your upselling or cross-selling offers:

1. **Timing.** When is the best time to make your recommendation?
2. **Relevance.** When recommending products or services to your customer, they need to be relevant to their interests and the product they're currently purchasing.
3. **Customer-catered needs.** Focus on the potential pain points that your recommendation is intended to solve.

Upselling and cross-selling, when done correctly, serve to continue to grow the relationship between your brand and your customer. Meaningfully and sincerely helping them to resolve pain points - even ones they did not know they had - builds trust and loyalty with your customer.

Cross-selling is when you are able to recommend products that are relevant to what the customer is purchasing and complement it. Cross-selling helps build loyalty with your customers and recommending relevant items that complement their initial selection makes them feel like you really understand what they're looking for.

Consider these tips for your cross-selling campaign:

- If your product or service is a high-ticket item, consider **adding a complimentary item** with their order.
- **Be sure your recommendations are relevant.**
- Always include a **well-defined CTA** with the product you're cross-selling.

Upselling makes your customers feel like they deserve better. Offer upgrades or premium options to improve their experience. Upselling can help improve your ROI and profits. Upselling essentially works in any part of the purchase decision - before, during, or after the purchase.

Upselling to Increase CLV

Customer Lifetime Value (CLV) is the revenue you expect to generate during the customer's total relationship with you. Working to increase the customer's purchase value in the short term improves their long-term value.

Here are five tactics to boost Customer Lifetime Value:

1. **Upsell a freemium product or free trial version.** This allows your customers to experience your product, try out customer service, and make sure the product will work for them before they commit.
2. **Bundle relevant products.** Bundling is a similar strategy to cross-selling. Instead of recommending supporting items, you group them together.
3. **Always pitch the value, not the cost.** Upselling to existing customers can feel like you're forcing them to spend more money. Focusing your upsell on value rather than the expense makes it easier for both of you.
4. **Your upsell should not be more than 25% higher than the price of the original offer.** You will have more success with your upsell if you offer it with a moderate price increase.
5. **Combine upsells with proof.** When you're proposing an upsell to your customers, a great way to win them over is with proof.

Upselling Techniques

Every business is different and each customer is unique, but there are some upsells that work in any business or industry.

Offer Several Different Levels of Package Alongside Each Other

By comparing good, better, and best pricing levels, your customer gets a visual representation of the value of each package. Just be sure to offer price points that accommodate different budgets.

Suggest Upgrades

Suggesting upgrades can also be considered a cross-selling technique depending on the offer. For example, a hairdresser might offer a strengthening mask in addition to the regular hair appointment. You don't need to discount these types of upgrades. Just let the customer know what's available.

Keep Clients Informed About All of Your Services

Sometimes, the most effective upsell is just letting your customers know about your existing services or any new offerings. Making sure customers know everything you offer is the best way to keep them from looking elsewhere for services they could be getting from you.

Offer Solutions by Expanding Your Services

As the relationship between you and your customers evolves, always be looking for ways to meet their needs. This is often a very successful way of expanding your services and growing your business.

Keep the Upsell Relevant to the Customer's Original Purchase

Relevance is the key to successful upselling. Your audience becomes a customer with their first purchase. You can easily add upselling opportunities by augmenting or improving their original purchase.

Discount Your Upsell

If you want your upsells to work, be sure and make them deals they can't pass up. Customers can smell an upsell from a mile away and they will consider it from one perspective: **Cost**.

Offer Upsells After the Original Purchase

One thing to keep in mind when offering upsells during the checkout process is to not barrage your customer with them. For some customers, this is such a turn-off that you could risk losing the original sale.

Always Solve Problems and Eliminate Risk

Think about the product or service you're selling and try to identify the new challenges or problems that it may introduce to the customer. Then, you can upsell the solution to the new problem.

Successful selling almost always comes with a guarantee and upselling is no exception.

Customers will naturally put their guard up if they sense an upsell. You will have more success if you offer a no-holds-barred guarantee. In addition, this builds customer confidence and loyalty.

If You Have a Team, Get Them Involved

Your customer service team is the frontline of your business and they have direct contact with your customers on a regular basis. Offer training or demonstration at your next staff meeting, and then reward the desired behavior when you see it in action.

Best Practices for Upselling

Successful upselling is based on understanding what your customer's needs are and making their experience with you enjoyable. A good upsell leaves the customer feeling like they have won.

Don't Forget to Follow Up

If your first upsell attempt doesn't get any bites, don't panic. Sometimes it just takes a little time for your customers to take advantage. **Here are some tips for successful follow-ups:**

- Use a variety of techniques
- Space it out
- Provide value each time you follow up
- Notify them of a limited-time discount or special offer

- Clearly define your CTA

Business today is largely based on the customer experience. When you shift focus to the customer's perspective, you can better understand what your customers want and/or need. This allows you to create a more satisfying customer experience.

Through an upsell, you can not only increase your revenue but also increase customer loyalty and CLV. When customers buy more, they stay longer and are more apt to be loyal.

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