



# Cross-selling and upselling eBook.

How to make the most of cross-selling and  
upselling opportunities

**Phocas.**  
Got data. Get results.

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# Introduction.

## How to make the most of cross-selling and upselling opportunities

In this eBook, we discuss two strategies that can help you improve profit margins and increase sales across your product range.

It starts with understanding your customers' buying habits. By understanding what your customers are buying – and more importantly what they are not – you will be able to [spoon-feed opportunities](#) to your sales team so they can identify where there is potential profit through effective cross-selling and upselling.

Cross-selling and upselling are techniques that can have a positive impact on your bottom line. Unfortunately, people often confuse the two and fail to capitalize on opportunities.

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**Cross-selling is when your sales team makes additional solutions available to the customer, while upselling is converting an initial offer into a more profitable order by the way of additional units, or a premium version. Both techniques are effective ways of increasing revenue within your existing customer base.**



# The benefits of cross-selling and upselling.

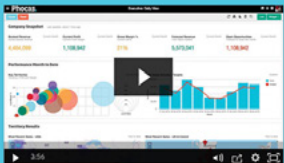
Cross-selling and upselling allows you to generate additional sales revenue by incentivizing existing customers to purchase more of what they need.

The benefits of cross-selling and upselling to your business are plentiful.

They can include increasing the average transactional value, thus increasing average invoice value; introducing new products, increasing the range of products sold and increasing revenue per customer. Other benefits include:

- 1 Low cost** - You might assume that to increase sales revenue, you must increase your customer base, but that's not the case. A cross-selling strategy focuses on increasing sales to existing customers, saving you the time and money involved with new customer acquisition. [According to Forbes](#), "it's a lot less expensive to keep current customers than to acquire new ones."
- 2 Better customer retention** - Customers stay with you when they are happy. When they see value in what you offer them it builds trust and loyalty. Getting the most value out of a transaction with an existing customer not only makes you more money at the time of transaction, it also saves you money by maximizing an existing customer relationship.
- 3 Immediate sales** - A cross-sell opportunity is identified during a transaction, and if successful, becomes part of that transaction. In other words, it's an immediate increase in revenue during a single sales cycle.

Despite the clear benefits, not many businesses make cross-selling a routine practice. As a rule, a cross-sell offer should tie in with relevant products and services, offer real value, and is simple and direct.



Phocas demo

**Click here to watch a demo of Phocas for sales.**

# Cross-selling.

As we now know, cross-selling is a technique that encourages a customer to supplement their initial purchase with products and/or services that complement it.

Amazon is great at this and attributes [up to 35% of its revenue](#) to cross-selling.

The online retailer uses its 'Frequently Bought Together' and 'Customers Who Bought This Item Also Bought' sections to promote products related to the item that you are currently viewing on the site. To cross-sell effectively, think about the items in your product line that naturally pair well, like a desk and a chair.

Remember, your sales representative will have a more comprehensive knowledge of the company's product line and full offering of services than the customer. With this information, they are able to actively listen to what the customer is saying – coupled with knowledge of past purchasing habits – and effectively suggest additional products/services that complement the initial purchase.





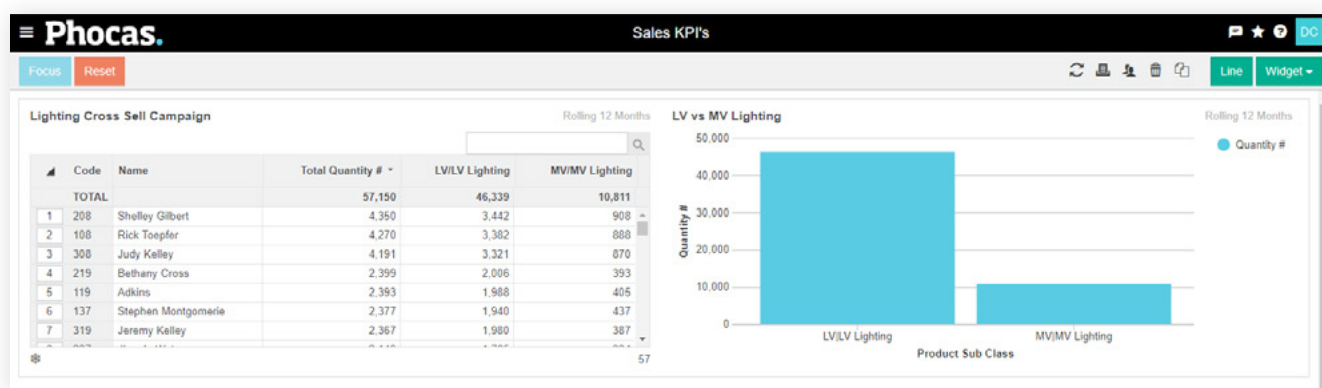
# Steps to cross-selling.

## 1 Identify Opportunities

This is where you take a look at the products you sell, and identify those that go together. For example, hammer and nails; printer and ink; shampoo and conditioner. Once you identify the bundled products, analyze the sales performance for these products to identify potential cross-selling opportunities; this is referred to as 'attachment rate.'

Attachment rate = the percentage of invoices that contain products that complement each other (e.g. the number of invoices that contain both hammer and nails is 42 out of 100. The attachment rate, therefore, is 42 percent).

If you are selling 500 hammers a month, for example, and only 100 boxes of nails, then your attachment rate is low. You can then use current data to analyze attachment rates across your customer base to pinpoint where your opportunities lie.



**Fig 1.** This image is an example of dashboard highlighting particular cross-sell campaign. It highlights the units sales of each product group by sales rep.

## 2 Take Action

This is where you compare performance across your customer base and locate which accounts have a high attachment rate, and those that don't.

Now you're able to identify opportunities, and uncover potential challenges. You might find that a customer is buying hammers from you, but they appear to be sourcing their nails from another provider.

These are the customers you want to target with cross-selling activity. Perhaps offer a special on discounted nails, or roll out another similar offer that will help you retain the customer and build on the relationship. Remember, the other provider might also be working on capturing this customer with a bundled offer too, so it's important to be proactive.

### 3 Monitor

Over time you will be able to measure how effective your cross-sell efforts have been with customers based on a shift in their attachment rate.

Monitoring the performance of your sales teams' cross-selling efforts will allow you to set targets and encourage them to meet KPIs.

Remember, measurement is important here. It lets you identify where your sales teams are doing well, and where they need improving.

The screenshot displays the Phocas Sales software interface. The main table lists customer data with columns for Code, Name, Total Quantity, and various product categories. The sidebar on the left contains filters for Customer Ship To, Customer Bill To, Territory, Sales Rep, Customer Type, Zip/Post Code, Product, Product Sub Class, Supplier/Vendor, Buy/Make, and Document Type. The top navigation bar includes options for Mode, Properties, Measures, Stream, Activity Filter, Format, and Period.

Code	Name	Total Quantity	A/Lumination	D/Lights & Lamps	B/Power	C/Controls	E/Outside Lights
1	300217 P&W MARINE ENGINEERS Inc	1,088	490	563	35	0	0
2	100499 BJ INDUSTRIAL WELDING SUPPLIES Ltd	1,071	631	415	19	6	0
3	200499 BJ INDUSTRIAL WELDING SUPPLIES LTD	1,038	593	401	36	8	0
4	200513 O'CONNOR PAINT CENTRE LTD	942	508	337	84	13	0
5	300268 Lime Homewares-Bankrupt Inc	842	577	201	49	15	0
6	201012 AUSTRALASIAN DOOR COAT**SOLD** LTD	831	449	341	36	5	0
7	101012 AUSTRALASIAN DOOR COAT**SOLD** Ltd	728	396	298	31	3	0
8	100445 A & S WIREWORKS Ltd	724	429	244	27	24	0
9	200845 KENNEDY'S CLASSIC AGED TIMBERS LTD	687	398	148	39	2	0
10	100159 STATE ENGINEERING PTY LTD Ltd	439	301	104	31	3	0
11	200268 Lime Homewares-Bankrupt LTD	435	270	138	27	0	0
12	200565 JMC ENGINEERING LTD	421	231	174	12	4	0
13	300509 STORK AWD PTY LTD Inc	416	223	183	9	0	1
14	300672 IN TOUCH WITH WOOD Inc	407	236	136	33	2	0
15	300770 SOUTHERN RIVER COLLEGE Inc	327	234	66	27	0	0
16	300033 FREMANTLE SCHOOL OF FINE FURNI Inc	310	142	141	27	0	0
17	100902 STACY CONCRETE CONTRACTORS Ltd	268	177	73	18	0	0
18	100770 SOUTHERN RIVER COLLEGE Ltd	267	161	76	30	0	0
19	200902 STACY CONCRETE CONTRACTORS LTD	251	182	51	17	0	1
20	100624 TIMBER CREEK FURNITURE CO Ltd	244	151	79	14	0	0
21	300036 INDUSTRIAL & ENGINEERING SUPPL Inc	243	164	66	10	3	0
22	200299 CUSTOM ALUMINIUM LTD	243	213	13	7	10	0
23	100575 ENGINEERING & PATTERN SPECIALI Ltd	243	135	90	11	7	0
24	201028 WOOD WORKWIRE AUSTRALIA Inc	243	135	90	11	7	0

You need a simple view so that you can spot gaps in your core range and quickly identify where customers are not supporting you across all the product categories suggested.

## Top tip.

Read our [sales case studies](#) to learn from our customers how they use Phocas to improve sales.

[READ CASE STUDIES](#)

# Upselling.

While [cross-selling](#) offers relevant, complementary solutions, **upselling is focused on offering more, or higher value versions of products.**

Someone selling a mobile phone might recommend a model with a larger display, or with more gigabytes that is sold at a higher price. The upsell process usually happens while the original sale is being made.

When you offer an upsell, you're at a critical point in the transaction. Your customer has already agreed to make a purchase of a product or service from you, and now you're offering something else.

There are risks involved with upselling: if you push too hard, you could lose the entire sale. However, if you don't push enough, you may lose out on additional revenue.

Poorly executed upselling (lazily offering a more expensive version of a product) can have detrimental results. A [recent survey](#) from AchieveGlobal found more than 40 percent of respondents become frustrated with this kind of interaction.

To upsell correctly, you should have a good understanding of your customers' needs and look for opportunities to add genuine value.


Remember, an upsell offer should be relevant to your original offer. It should add value to the customer and be extremely enticing.

Charles Gaudet, owner of [Predictable Profits](#) says that effective upselling should always come from a desire to identify and fill needs, rather than just trying to push a product.



“Phocas is a game changer. It's easy-to-use, customizable, and its speed helps me make sound business decisions, quickly react to lost sales and **find new opportunities.**”

**Kevin Manning** - VP Sales and Marketing at Aaron & Company.



Phocas free demo

**Click here to [book a free demo](#) of Phocas for sales.**



# Using sales data to identify upsell opportunities.

## 1 Identify Opportunities

Look at your sales reports each month, and determine which customers are buying a product that has potential to be upgraded and/or substituted with a premium version.

According to Big Commerce, upselling involves offering your customers other versions or models that may better fulfil their needs and help them walk away more satisfied with their purchase.

## 2 Take Action

Take action on new upsell opportunities by guiding sales staff to prioritize these customers for potential growth in revenue.

Track results of upsell activity and measure new revenue based on action taken. Once your sales representatives begin to achieve success with upsell activity, your average invoice amount will increase and add value to your bottom line.

## 3 Monitor

Keep track of the percentage of invoices that contain products that complement each other. By keeping this front and center, your sales representatives will be motivated to drive the results above target levels.



# Identifying bulk discount opportunities.

Look to see who is ordering high volume products.

If you see that a customer makes 5-10 separate orders per week, you know that you are inefficiently spending on delivery, packing and freight charges.

You can reduce these costs by encouraging the customer to buy in bulk.

One way to do this is by offering a discount, potentially motivating them to order their entire [stock](#) for a month in a single purchase, saving you – and them – time and money.



Phocas.

Mode ▾

Properties ▾

Measures ▾

Stream ▾

Activity Filter ▾

Format ▾

Period ▾

Custom

Code, Name

Quantity #

Sales

Activity

Actual

None

<

The image above shows a customer order quantity's on daily basis for high volume sku's. By analysing their run rate and offering them to take up a bulk order to cover their average monthly unit sales, you could cut out large freight costs. You would incentivise them with a discount, yet still be more profitable.

# What's next?

The first step in identifying cross-sell and upsell opportunities is to analyze the buying patterns and preferences of your customers.

Using a good business intelligence (BI) solution like [Phocas Software](https://phocas.com) is a simple and effective way to do this.

Using the data stored in your ERP or CRM systems, Phocas will let you easily generate product and sales data without the need for IT specialists, power users, or spreadsheet wizards.

It's a simple to use solution that collects all of your data and stores it in a single location, converting confusing columns into visual charts and graphs that provide clarity around your company's performance, which helps users make better business decisions.

Equipped with BI, your sales team will have a better understanding of what your customers are buying, and more importantly, what they are not.





# It's the Phocas way.

Phocas Software helps thousands of manufacturing, distribution and retail customers across North America, the UK, Europe and Australia turn their company data into results. Everything about Phocas is designed for ease-of-use.



“Phocas has revolutionized how the sales team perform within our company. **Even non-tech savvy staff can access our customer sales information at whatever level of detail we require.** We can now spot trends and opportunities early on and react quickly. It gives us the intelligence we need to grow sales and communicate with our retail partners. Couldn't be without it now!”

**Jane Lawton** - Sales Director Cosatto Ltd



“**Phocas has allowed our business to quickly analyse data in minutes which previously took hours to produce.** The ability to access the information anywhere - from boardroom to shop floor - means we can make more informed decisions on the spot rather than waiting for reports to be produced.”

**Myles Fleming** - IT & Marketing Manager Kidstuff



“Since installing Phocas six months ago reporting has become quicker, more simplified and 100% accurate! **With Phocas we can easily identify areas of weakness within our business by either brand, product, customer type, sales rep or state. The options are endless. The simplicity of the layout and design ensures that Phocas is extremely straightforward to use. I honestly don't know how we used to get by without Phocas!**”

**Alison Timms** - General Manager - Operations Dateline Imports

# Get in touch.

Learn how Phocas can help you achieve your business goals.

Give us a call:

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**North America:** +1 877 387 4004

Or email us directly:

**Email:** [marketing@phocassoftware.com](mailto:marketing@phocassoftware.com)

## Want to know more?



**Want to understand why our customers love Phocas?**

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