



The downside of upselling

Ken Fitzgerald | Executive Creative Director

OCTOBER 12, 2015

In the automotive services category, upselling is a staple that companies use to bump up the ticket. But the real key to successful upselling is knowing your customer ... **before** you attempt the upsell.

Upselling is like any other successful business practice: It can be extremely profitable. But there can also be a downside. Here's an example:

One Tuesday, Scot went through his mail and discovered a postcard offering a free tire rotation. Sweet. He'd never been to that store before, but free was free, and it was minutes away from his house.

He called and scheduled an appointment.

That Saturday, Scot pulled in and was greeted with a smile and a handshake. He was checked in and directed to the waiting room.

After 30 minutes or so: "Scot?" Another smile and a handshake.

"Yeah." Scot smiled back.

"It looks like your brakes are a bit worn, and that could be a problem. Are you traveling anywhere soon?"

"We're driving to the lake next weekend"

"Hmm ... it's up to you. You can take a chance and hope that everything will be okay, but you never know with brake wear and tear."

"How much?"

Scot's tire rotation ended up costing him \$356.

That, my friends, was a typical upsell. But it was also an oversell.

Yes, Scot drove with confidence to the lake the next week. But he couldn't stop thinking about his bad tire rotation experience.

He was ready to enjoy the free service and, in all likelihood, go back for other service. After all, between his wife's SUV and his son's hand-me-down car, Scot thought he'd found the solution to all of his service needs. Now? Not so much.

And for good reason. He didn't need the other service. His purchase was based on fear, not on customer service.

What did the automotive store gain? A few extra dollars that day. But it lost much more than that.

Do the math ... the lifetime value of Scot and his family was huge. The upsell of a few hundred dollars actually cost the company thousands of dollars in continued loyalty. And, worse, bad word of mouth ... no small concern in today's social media-driven world.

Scot had started with a positive perception of the store. He had implicit trust in what they were going to do. But that trust disappeared after one visit. All because of a bad upsell experience.

The automotive services industry has to shift from product-centric marketing to customer-centric marketing in order to upsell successfully.

Put the customer at the center of every sales effort and an upsell will be much easier.

Upsell doesn't have to be a downer

It's a fact. The best time to upsell is when the customer is in the store buying. But in this case, the customer wasn't **buying**. He was there for a free tire rotation. This was his first time in the service center. He didn't even know where the coffee was. And a half-hour later, he's already being upsold.

In order for the customer to have a satisfying experience, he has to feel that the other service is for his benefit and of value. It was a win for the store ... not for Scot.

The smarter move would have been to get to know him better before hitting him over the head with the upsell. And it's easier than you think.

Turn upsell into "SmartSell."

After the first visit, the store would have a record of the make, model, and mileage of Scot's car, the service he obtained, and even the marketing channel he responded to.

That data is pure gold.

All of this good data could be used to personalize Scot's next communication and make the messaging and offer more relevant.

It would also have prepared Scot **in advance** for what the service tech was going to suggest. Therefore, he wouldn't be surprised (and annoyed) when he got to the service center.

- For example, if his windshield wipers were more than six months old, it's a good time to suggest he replace them
- Maybe Scot's brake linings were starting to wear out because he had put a lot of miles on his vehicle since his last visit
- Or maybe it was simply time to rotate his tires

The reality is that your customers want to feel taken care of ... not taken. Use your data to create an experience that makes the customer feel like he's made the right choice.

Do this and you'll not only improve upsell, but also cross-sell, because you'll have the data to back up your offer. Now you are marketing smarter with better focus. The result is bigger tickets and happier customers.

An upsell offer should **always** be:

- Relevant to your original sale
- Of value and beneficial to the customer
- Based on prior customer engagement

When done right, upsell can be an effective tool that not only increases profits, but also increases customer satisfaction.

Customer satisfaction = loyalty. Loyalty leads to referrals and return visits – which lead to greater lifetime value. Those are the customers you want to acquire and keep.

What is the cost of a bad upsell?

Unfortunately, many customers already expect to be upsold because the practice is so common. They're ready to say no at the mere suggestion of anything more than the scheduled service. So be sure your upsell offer focuses on the **benefits** front and center. If not, let the churn begin.

The customer is in your service center because you are solving his problem. While he is there, you have to instill trust, confidence and respect ... **before** you can upsell one penny.

The experience has to be positive and satisfying. Sell the benefit and the value. Then it's a win for everybody.



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As Catalyst's ECD, Ken translates strategy into creative experiences that move customers from inertia to action. Before working at Catalyst, he's inspired minds at places like Kovel Kresser & Partners (Los Angeles), TBC, Inc. (Baltimore) and Digitas.
