How Customers View Cross-Selling

Companies are eager to drive sales through the service channel, but customers aren't always so sure they want to be sold to that way.

It’s All About Service

Last year consumers around the world spent over $20 trillion dollars on household goods and services, a fourfold increase over spending in 1960. According to the Worldwatch Institute, more than 25 percent of the world’s population is now part of the “consumer culture,” purchasing television sets, automobiles, and thousands of other products and services. Each year more than 50,000 new products hit the market, driven by almost half a trillion dollars in advertising encouraging consumers to buy. Consumers make purchasing decisions large (over 40 million new cars produced per year) and small (over $35 billion spent on bottled water), in millions of transactions every day. The purchases vary in size and significance, but they have one thing in common—a customer making a choice.

As consumers spend more money and more often, they also expect higher levels of customer service. It is hard to think of a purchase for which service is not a central component, if not the entire source of value. Whether making a purchase in a department store, through a telephone catalogue, or over the Internet; whether buying a cup of specialty coffee or a home entertainment system, customers expect companies to provide service that leaves them satisfied, if not delighted, with their purchase.

Good Service Leads to More Sales

Companies have long recognized that good customer service has become the “price of admission” to compete in most industries. Many companies have responded to this premium on customer service by investing heavily in call centers, technology, and training of customer service representatives to increase the quality and consistency of service. Some companies have also discovered that customer service has strategic value, beyond “getting them into the game.” For example, by taking advantage of existing relationships and ongoing contacts with customers, companies can introduce new products and services in a way that enhances loyalty and reduces the cost of sales.

The Dilemma

While companies are eager to drive sales through the service channel, customers aren’t always so sure they want to be sold to that way. Our experience is that most customers are turned off when sales representatives “pitch products” in the course of a service transaction. On the other hand, many customers value the opportunity to buy additional products and services, if the representative demonstrates the right attitude and behavior.
Forum’s Research

We set out to learn more about how customers view cross-selling. In particular, we asked what makes cross-selling a positive or negative experience? More importantly, what practices of service reps help strengthen relationships with customers and make them more interested in buying and coming back?

We conducted a web survey of a random sample of 1,624 consumers around the world, including the U.S., Canada, U.K., Australia, Hong Kong, and Singapore. Rather than randomly select from the population of all consumers, we weighted the sample toward somewhat older and more affluent consumers, who have more spending power than others. The average age was 43 and average annual family income was $56,000 (in U.S. dollars). Slightly more women (53 percent) than men responded.

The Findings

Good Cross-Selling Pays

Our findings contradict the view that customers don’t value cross-selling. In fact, we found that a surprisingly high number (88 percent) of customers value service reps who suggest alternative products or services that better meet their needs; 73 percent are interested in learning about new products or services the company is promoting; and more than half (61 percent) tend to ask service reps about these products and alternatives. Customers not only engage in sales discussions with service reps, but they also buy: 42 percent of customers said they purchased additional products or services “sometimes” or “frequently.”

Satisfaction Comes First

We asked customers the factors that most strongly affect their willingness to consider purchasing additional products or services. The most frequent responses were:

- How satisfied I am with my current purchase
- How well additional products or services seem to fit my needs
- Price

The good news for service representatives is: If they can increase customers’ satisfaction by addressing their service issues, then customers are more likely to be open to discussing how additional products or services might benefit them.

Only one in three companies delivers a service experience that makes customers glad to consider additional purchases.
**Focus on the Customer**

Most of the respondents were able to describe a specific instance of making an additional purchase through a service representative. The nature of the purchases varied widely, from cell phones to dishwashers to cosmetics to computer equipment. While the products and services varied, there were commonalities in what the service reps did or said that encouraged the respondents to buy. The three service rep behaviors that were most strongly linked to sales were:

- Focusing on my needs versus pushing a product
- Solving my problem before talking about additional products and services
- Describing how the products or services would benefit me

Customers value service reps who take an interest in their situation and needs instead of acting in an impersonal way. For example, one customer called a department store to return a pair of gloves. The service rep offered to send the replacement pair immediately so the customer would have warm gloves for the winter. Another customer commented on being addressed by name by everyone at a large car dealership. A third customer was impressed that the service rep took the time to help him fix a complex problem with his home PC, making sure that the problem was fully solved and the customer thoroughly satisfied before describing additional products.

**Avoid the Irritators**

What makes cross-selling less effective? We asked consumers what they find most irritating or annoying in things service reps do or say. Their responses can be summarized as “focus on anything but the customer.” The behaviors viewed as most irritating were:

- Continuing to sell after I’ve said I’m not interested
- Following a script
- Pushing products or services that are not useful to me

When describing their worst experiences, the respondents often cited service reps who were driven to make a sale and who persisted in pitching their products in spite of the customer’s lack of interest. For example, one customer called his cable company with a service problem. The service rep passed him off to another rep who tried to sell him broadband services. Said the customer, “He went on and on until I finally had to say ‘I’m hanging up now.’”

Unfortunately, these behaviors are not only irritating, but also very common. In fact, one respondent had an interaction with a service rep who insisted on keeping to a script and who persisted in pushing a product even after the respondent had said “no thanks.” The respondent became so irritated by the service rep’s behavior that she called his manager, who explained that the rep was simply doing what he had been trained to do!

**Do What Customers Value**

How can companies differentiate themselves through service? In addition to focusing on the customer and avoiding the irritators described above, the customers in our sample identified three behaviors that service reps don’t do that customers wish they did:

- Speaking clearly and slowly
- Respecting the customer’s time and right to say “no”
- Giving the customer advice that helps him or her save money or better meet his or her needs
Since insensitive service is so common, customers are often pleasantly surprised when they encounter a service rep who behaves in a way they wish all reps would. A typical anecdote: “The person went out of her way to assist me, did not rush the call, answered all of my questions, and, when she did not know the answer, she found someone who did. She even stayed on the line so she could learn the answer also.” Another customer said, “They asked if they could offer another product that might fit my needs. They treated me with respect and, when I said no, they quit trying to sell to me. They let me ask them questions instead of them asking me questions that didn’t have anything to do with my needs.”

The Opportunity to Win Through Service

In spite of the prevalence of poor customer service, our survey indicated that some companies seem to be getting it right. The average respondent reported that about 40 percent of the companies from which he or she purchases retail products or services delivered a service experience that made him or her glad to consider making additional purchases. We suspect that customers gravitate to the companies that provide these superior service experiences, and that these companies are most successful in cross-selling. The implication for all companies is that excellent service is essential in order to win the business of today’s consumers. Companies that deliver mediocre service not only fail to generate additional sales, but also often damage relationships with their current customers and damage their reputation in the market. The best companies provide a service experience that not only satisfies customers with their current purchase, but also opens the door to future purchases. This report identifies some of the key service rep behaviors that make the difference.

Customer Focus: Valued the World Over

Customers’ perceptions of cross-selling were remarkably consistent across the industrialized nations we surveyed. The trends were identical and frequency of responses differed only by a few percentage points by region. Consumers from Hong Kong and Singapore were most likely to buy during service transactions (80 percent), followed by Canadians (55 percent) and Australians (43 percent), while U.K. and U.S. consumers were somewhat less likely to buy (33 percent and 37 percent respectively). Asians, Canadians, and Australians were also more likely than U.K. and U.S. consumers to value advice and information about products and to ask for information about them. Nevertheless, at least one in three consumers around the world seems to be open to cross-selling, if the rep acts in a customer-focused manner.
How Service Representatives Succeed at Cross-Selling

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