

SALES METRICS DRIVERS

The Friedman Learning Group, with 40 years of world class retail training, can show you how to increase your sales and profits.

As a business owner, you already know that two most critical numbers in retail are:

- Conversation Rate
- Average Sale

It's not just about doing well with the **customers we connect with**. We need to **connect with more customers**.

Our simple definition of conversion rate is:

The percentage of shoppers you personally convert into buyers. It tells you the quantity of sales you make. Tracking Conversion Rate over time can help you see whether you are making the most out of every sales opportunity.

Let's take a look at an example: If you assist 12 customers and 4 of them purchase something, your conversion rate would be 33%.

(4 divided by 12) x 100 = 33%

Keep in mind the **average conversation rate** in a retail stores is 20-40%, depending on the industry.

Possible causes for low conversation rates can be due to:

- Not converting enough customers into buyers.
- Not communicating merchandise benefits to customers.
- Not asking for the sale, some customers just need to be asked.
- Not matching the customer's needs and wants.
- Handing out business cards or telling customers the days of the week you work, when you hear a concern.
- Improper staffing levels.

By increasing conversation rate, salespeople gain confidence in selling that may enable them to start increasing their average sale.

So how can conversation rate and average sale affect your store's bottom line?

Let's take a look at conversation rate first. **Having a 30% conversion rate** will increase your sales **\$ by 50%** or **an additional \$1,000**.

The Effect of Increasing Conversion Rate				
Daily Conversion	# of People Who Buy out of 100	Store's Average Sale	Daily Sales	Percent Increase in Sales \$
10%	10	\$100	\$1,000	—
20%	20	\$100	\$2,000	\$1,000 ⇒ \$2,000 = +100%
30%	30	\$100	\$3,000	\$2,000 ⇒ \$3,000 = +50%
40%	40	\$100	\$4,000	\$3,000 ⇒ \$4,000 = +33%
50%	50	\$100	\$5,000	\$4,000 ⇒ \$5,000 = +25%
60%	60	\$100	\$6,000	\$5,000 ⇒ \$6,000 = +20%
70%	70	\$100	\$7,000	\$6,000 ⇒ \$7,000 = +17%
80%	80	\$100	\$8,000	\$7,000 ⇒ \$8,000 = +14%

Now let's compare two salespeople, Lou and Lee. The both have the same total sales \$, but if you had to terminate one of them, which one would you pick?

Conversion Rate		
	Lou	Lee
Monday	30%	75%
Tuesday	9%	83%
Wednesday	44%	57%
Thursday	20%	88%
Friday	11%	60%
Saturday	50%	78%
Weekly Totals	29%	75%
Total Sales	\$5,000	\$5,000

If you said you would terminate Lou, you would be correct. While both salespeople had the same total sales \$, Lee had a Higher conversion rate. That means he sells to more of the people he interacts with.

We've determined that conversion rate is important and why, now let's take a look at what effect the average sale have on achieving sales goals. In the example, increasing a \$100 sale by \$10, the percentage increases by 10%.

The Effect of Increasing Average Sale \$10			
# of People Who Buy out of 100	Store's Average Sale	Daily Sales	Percent Increase in Sales \$
10	\$100	\$1,000	—
10	\$110	\$1,100	\$1,000 ⇒ \$1,100 = +10%
10	\$120	\$1,200	\$1,100 ⇒ \$1,200 = +9.1%
10	\$130	\$1,300	\$1,200 ⇒ \$1,300 = +8.3%
10	\$140	\$1,400	\$1,300 ⇒ \$1,400 = +7.7%
10	\$150	\$1,500	\$1,400 ⇒ \$1,500 = +7.1%
10	\$160	\$1,600	\$1,500 ⇒ \$1,600 = +6.7%

Now what happens if you improve both conversion rate and average sale simultaneously? With a 30% conversion rate and an average sale of \$120, would result in 64% increase.

The Effect of Increasing Conversion Rate <i>and</i> Average Sale					
Daily Conversion	# of Shoppers (Traffic)	# of Transactions	Store's Average Sale	Daily Sales	Percent Increase in Sales \$
10%	100	10	\$100	\$1,000	—
20%	100	20	\$110	\$2,200	\$1,000 ⇒ \$2,200 = +120%
30%	100	30	\$120	\$3,600	\$2,200 ⇒ \$3,600 = +64%
40%	100	40	\$130	\$5,200	\$3,600 ⇒ \$5,200 = +44%
50%	100	50	\$140	\$7,000	\$5,200 ⇒ \$7,000 = +35%
60%	100	60	\$150	\$9,000	\$7,000 ⇒ \$9,000 = +29%
70%	100	70	\$160	\$11,200	\$9,000 ⇒ \$11,200 = +24%

Metrics are a result of selling is a set of behaviors.

Therefore, behaviors are what drive a salesperson's metrics, and the metrics are what drive their sales.

The Friedman Learning Group can assist you in setting behaviors to increase the right metrics for your store.

