

Selling in a Showrooming World

Showrooming

Showrooming (verb): To visit a retail store for the purpose of seeing a product in person and getting more information about the product before buying it somewhere else cheaper.



Many people believe showrooming is a new threat caused by the Internet that will be the eventual downfall of brick & mortar retailing. Check it out online. Go see it in a store to make sure it is the one you want. Then buy it online cheaper.

Except this concept is not new. The online part is, but before the Internet it was the catalog. Before the catalog it was the special order warehouses. Even at the beginning of retail, when Grog invented the wheel, his rival Blod sent people to see Grog's wheel, promising he would make them one just like it but cheaper.



Showrooming is not new, but the invention of the Internet and the smartphone has taken the brazenness of it to a whole new level.

Information is Free

One thing the Internet has done has changed the way we view information. Before the Internet, the only way to find out about products was in the stores or through catalogs and brochures.

The salesperson was the gatekeeper of information. He or she controlled what you knew about a product. And there was a price to pay get that knowledge. You knew you would pay more to get the information you needed to make a better purchase, but often it was worth it.

Those days are over.



One of the biggest changes the Internet has caused is the notion that information is free. Information is free and to be shared freely and widely. Wikipedia. Amazon. Yahoo Answers. Google. AskeJeeves. The list goes on and on.



WIKIPEDIA
The Free Encyclopedia

Everything you ever wanted to know about a product is available online at no charge. Customers often walk into stores today knowing more about a product than the poorly trained salespeople.

Other customers walk in expecting to get information from the gatekeepers and they feel no obligation to pay for it. Information is free and meant to be that way.

If you feel the need to charge for your information, you will turn off an entire generation of customers and all who follow them.

Two Types of Customers

All customers want info, but they use it in different ways. There are two types of shoppers—**Transactional** and **Relational**.

Transactional Customers are shoppers who look at each transaction as a singular event not related to any other purchase. They are information-hounds who will do all the research they can so that they feel *they* are the expert on a product. That includes visiting your store to do research.



Once they feel they know all there is to know about the product, they go on the hunt to find the best deal.

Transactional Customers will visit multiple stores to do research and

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hunt for the deal. They end up being the bulk of your traffic and the reason you believe everyone is just asking about price. But in reality, studies done by Williams Marketing* show that they are only about 40-60% of the buyers in any category.

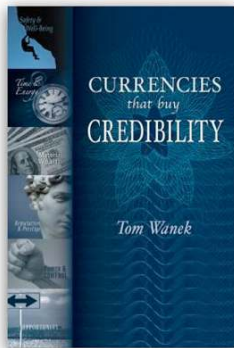
Relational Customers are shoppers who look at each purchase as one in a series of many. They are also looking for information but only from people they trust. Trust comes first. Once they trust you, then they want your advice.



The best thing about **Relational Customers** is that once you earn their trust you will likely earn their business and their loyalty. They will be a far lower percentage of your traffic but still about 40-60% of your buyers.

It is important to note that we are all both **Transactional** and **Relational** in our shopping habits, just depending on the category. For instance, if you will go to whichever gas station has the lowest price today, that is **Transactional**. But if you will wait three days to see *your* mechanic to fix your car, that is **Relational**.

Selling to Relational Customers



Selling to **Relational Customers** is all about building Trust. The customer wants to know that you will put her needs above your own.

Tom Wanek wrote the definitive book on the ways you can earn her trust called **Currencies That Build Credibility**. In the book, Tom shows six different ways you can earn trust.

- **Material Wealth**—Putting your money where your mouth is by offering warranties and guarantees is one way you can earn trust.



- **Time & Energy**—Teaching about the product, willing to give up your time to make sure they know what to do is one way you can earn trust.



- **Opportunity**—If you are willing to turn down business that might make you money for the sole purpose of staying true to your values, you can earn trust.

- **Power & Control**—When you give the customer the power over the transaction, you earn their trust.



- **Reputation & Prestige**—Being up front and honest and staying true to your core values no matter what will help you earn trust.

- **Safety & Well-Being**—Being willing to risk your safety for the safety of others will earn their trust.



The more pain you are willing to endure to stay true to your principles, the more trust you will gain.

In the sales pitch, part of that trust can be earned by showing the downside.

Every product has a downside and every customer knows that. If you are willing to be up front and honest about that downside, she will trust you more. But if you never talk about it, she will wonder why and she will not be satisfied until she knows how bad the downside is.

Selling to Transactional Customers

Transactional Customers want to know one thing. How much?

When they ask that question, however, we usually go about giving them the answer in the worst possible way.



How much?

Before I tell you the price, let me tell you all that this product does. First it does...

When you take that approach, the customer's first perception is that you are not confident about your price and you need to justify it.



The longer you go on and on about the features and benefits, the higher the perception of the price goes in the customer's mind. Often you will have lost the sale long before you get to the actual price.

A better approach when the customer asks, "How much?" is to change the order around. Take a deep breath and say...

Our price is \$____. and with that you get...

Don't pause between the price and the features & benefits.

Tell the price and before they can react, start listing all the value-added items you offer at that price. The more you list, the better perceptually the price becomes.



Value-Added

The **Transactional Customer** is on a hunt for the best price. You might not have the best price. But you can still win the sale.

The best price is not always about money. There are other features and benefits that are worthwhile to a **Transactional Customer**.



One of those things is time. If you have it in stock and they can have it today, be sure to say so. If there is assembly involved and you assemble for free, or you offer to deliver, be sure to say so.

Another is peace of mind. If you offer a strong warranty, a follow-up check-up on the product after a certain length of time, or a free inspection before it goes out the door, be sure to say so.



Another is charity. If you donate a portion of every sale to charity, be sure to say so. If your business supports certain charities, be up front about it. It will turn some customers off, but it will turn others on, sometimes to the point of buying more and telling their friends.

Another is Trust.

Remember that we are all *both* **Transactional** and **Relational**.

Sometimes you can reach the **Relational** side of your customer by earning their trust—but only after you have given them the price. Warranties and guarantees are the strongest ways to quickly earn the trust of a **Transactional Customer**.

Bundling

Transactional Customers are looking for a deal. Offer them one that helps you, too. Bundle merchandise together and offer a special price. Take a fast-moving item and combine it with something that makes sense but doesn't move as well and offer a special deal. The customer is happy about getting a deal and you get to increase your average ticket.



McDonald's has done this to such success that every fast food and low-price restaurant in the world has matched them.

You Can't Win Them All

There will be times when the deal online will be too good for you to match. There will be times when your values just don't line up with the customer's values and you cannot earn her trust. There will be times when you do or say the wrong thing at the wrong time.

That is okay. You can't win them all.

As Meg Cabot said, "You are not a hundred dollar bill. Not everyone is going to love you."



I have no idea where this statistic came from but decades ago when I started in retail the belief was that the average retailer closed two out of every seven sales. In my way of thinking, that might be one out of two **Relational Customers** and one out of five **Transactional Customers**.

Just imagine how your business would be if you could convert just one more out of those seven? You just have to recognize

which type of customer is standing in front of you.

The key is to understand that not everyone is going to buy from you. Just because they walked through the door does not mean they are your customer. You have to earn the sale **every single time** regardless of what you did before.

Instead of lamenting the ones that got away, celebrate the customers you converted into sales.

Earn **Trust** of your **Relational Customers** and show **Value** to your **Transactional Customers**.



When you do that, you will be able to compete quite easily with the Internet, the big-box stores, and any future competitors that come down the pike.



Thank you to **Roy H. Williams*** for the concepts of the Transactional & Relational Customers and **Tom Wanek** for the book **Currencies That Build Credibility**.

**Nicknamed the Wizard of Ads by an early client, Roy H. Williams and his staff have often been the unseen, pivotal force in amazing come-from-behind victories in the worlds of business, politics, and finance.*

Williams teaches creative thinking, strategic planning and human persuasion at Wizard Academy that is attended by executives from many of the world's largest advertising agencies, professors from leading universities, broadcasters, journalists and small-business CEOs from around the world.

His first book, The Wizard of Ads, was voted Business Book of the Year in 1998 and his second book, Secret Formulas of the Wizard of Ads, became The Wall Street Journal's No. 1 Business Book in America in 1999 as well as a New York Times bestseller. The third and last book in the Wizard trilogy, Magical Worlds of the Wizard of Ads, also received the honor of being a bestseller on The Wall Street Journal list. Each of the books has been translated for international distribution in China, Brazil, Korea and Israel. His other books include Accidental Magic and Free the Beagle.

A lifelong student of the human race, Williams is forever seeking to answer the question, What makes people do the things they do? And the answers that he is discovering along the way provide a wealth of practical knowledge and a constant source of entertainment for his students and friends on five continents.

Williams lives in the Middle of Nowhere, Texas, with his wife, Pennie.