



CENTRICITY

8 Tips to Increase Attachment Rates



How to Sell More Product Protection

Not only are extended service plans an important feature to increase confidence, but they also improve the likelihood that an interested consumer will make a purchase. Whether in-store or online, consumers prefer brands that offer product protection plans.

After you've made the sale, customer loyalty can be gained or lost based on their service experience in the event of product failure. Here are some best practices for retailers to generate profit AND improve customer loyalty by selling more extended service contracts.

Ask every customer every time on every qualifying product.

1 Set Simplified Retail Pricing for Product Protection

Your store should have simple retail pricing so your sales staff can seamlessly integrate the pricing of extended service contracts into their sales discussions while on the sales floor.

2 Sales Team Must Be Able to Communicate Program Benefits

Make sure your sales team understands the detailed benefits of the product protection and the exact coverages offered so they'll be able to sell it confidently to customers.

This effective communication begins by building a rapport with customers and asking them open-ended questions like, "What is most important to you?" or "What brings you in today?"

Next, the sales team can recommend the extended product protection by summarizing their favorite features of the plan such as cost savings, parts replacements, or 24/7 service. Their comments should be tailored to the plan they are presenting and the product that is being purchased.

Don't wait until the end of the transaction to mention the product coverage. Studies show that product protection is an important part of the sales process and should be mentioned early and often in your sales conversation. Always start with the longest available coverage term and make the offer with the price at the end.

3 Offer Custom Service Benefits

Customers may object or question whether they should purchase an extended service plan. By listening to the customer, a salesperson can better understand and respond to misunderstandings about coverage or fears they will not be protected.

Listen to your customer's objections, understand their concern, respond knowledgeably with key points about the Extended Service Plan, and then confirm with an open-ended question that allows them to think about what you've said.

Here's an example: "These headphones are built to last and have a manufacturer's warranty so I don't need to buy any added protection." However, here's an interesting statistic to remember: 63% of Americans say they can't handle an unexpected \$500

repair expense. Extended service contracts help protect your customers over time by investing in protection at the time of product purchase.

An effective response from a salesperson would be: "I know how you feel. If you pay for high-quality headphones, you expect them to last. However, our protection plan provides coverage for any accidental damage from drops or spills that could cause your headphones to break. Wouldn't you agree that investing a little upfront could save you money on repairing or replacing in the long run?"

Stay positive and show the customer that you are knowledgeable about the plan and can confidently recommend the plan.

4 Implement Point-of-Purchase Marketing

From signage and tent cards to consumer brochures and stickers on qualified products, point-of-purchase materials are your silent salesperson. Customers need to have a visual cue that product protection is offered on the product they are considering purchasing.

Marketing materials may be able to answer your customers' most frequent questions and give them additional information on coverages available, the average cost of repair costs, and much more.

In addition, point-of-purchase materials can provide sales support for your staff, reminding them of specific product features and benefits as they engage customers in sales conversations.

5 Management Buy-In & Focus

The most successful service contract programs have support at all levels of an organization, especially at the top. Management must communicate an ongoing expectation that the sales team prioritize service contracts in their sales pitches. Your store can demonstrate its commitment by rewarding and recognizing top service contract sellers.

In addition, retailers should create a compelling commission structure to motivate the sales staff to sell extended service contracts. While giving your sales team an opportunity to earn more money, a proper commission structure also boosts a retailer's profitability. A scaling commission structure based on sales margin or attachment rate increases also drives desired behavior in your sales staff.

Contests can motivate the sales team throughout the year to sell additional product protection plans. Be sure to focus on sales results and offer incentives to the sales team for selling high-margin product protection plans.

6 Implement a Training Culture

Foster a culture of ongoing training, not just when new sales staff come onboard. Training energizes your team and usually results in a spike in attachment rates and retailer profitability.

From virtual training and on-demand webinars to in-person individualized training, Centricity offers a variety of sales training content that improves our retailers' results.

Some retailers have increased sales of product protection plans by up to 30% after implementing ongoing training for their sales team. This leads us to our next point...

7 Track & Share Results

Business management expert Peter Drucker is often quoted as saying, "You can't manage what you can't measure." That statement means you won't be successful unless you set specific goals and track whether you achieve them.

The most successful retailers are the ones that talk about service contract sales on a daily basis and diligently measure their sales and attachment rates. These metrics should be consistently visible to managers and the sales team alike so the team can respond in real-time to increases or declines in sales performance.

8 Implement eCommerce Best Practices

It can be easier for customers to decline coverage online than it is in-person, so it's essential that successful retailers make their online eCommerce site as user-friendly as possible when selling extended service contracts.

Just as when customers are shopping in a store, it is essential to present extended service contracts to customers at multiple stages of the buying process. Your product pages should emulate your in-person shopping process to optimize the online web sales by showing product protection options on your product pages. A landing page with details or FAQs on all the

available plans can also be helpful to answer customer questions.

Don't wait for customers to add products to their shopping cart before showing them the extended service contract options.

Maximize Revenue

Plan to maximize revenue from extended service contract sales by implementing these eight tips. You'll build customer loyalty that lasts a lifetime and grow your business. Centricity partners with retailers and manufacturers to provide customized product protection solutions that drive revenue resulting in happy, loyal customers.

If you want to learn more about our product protection plans and customized implementation and training, contact us today.



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