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Mastering the Upsell - How to Grow Revenues With Existing Customers

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Salespeople will tell you that it's much easier to upsell existing customers than to land new ones. Studies show that upselling higher-cost products and services to a client is more effective at increasing revenue – one study says 20 times more effective – than is cross-selling supplementary offerings to meet an unfilled need of an existing customer.

Clearly, upselling is the preferred method of growing revenues, but it only makes sense if it also benefits the customer by reducing operational costs, expanding capacity, supporting growth, or some other strategic purpose. Mindless upselling just to meet sales quotas could very well alienate customers. The task of the sales force is to show how spending more brings meaningful benefits congruent with the customer's business strategy. That's easier to do if you've built a trusting relationship with your client and have refrained from hard-sell tactics.

Here are a few tips to help your company upsell your clients:

1. ***Educate:*** The best way to build demand in your client's company for costlier offerings is to educate the client's staff on how to get the most from their current purchases. For example, if you sell software, hold training classes on how to get the most functionality and employ best practices on the software already installed. If client usage of your offering expands and as a result improves productivity, you are halfway towards showing how add-ons or higher-end systems can bring even more benefits.

2. ***Cultivate:*** Identify the client member who is the biggest supporter of your offering and make that person your champion. Your salespeople can't be with the client all the time, but the champion is permanently embedded and ready to spread positive news within the organization. It could be as simple as showing your champion some new, time-saving features and letting the champion's enthusiasm resonate within the organization. The right champion can influence the constituencies you sell to, paving the way for easier upselling.

3. ***Moderate:*** Overly aggressive selling often backfires. Teach your salespeople to moderate their pushiness when dealing with existing customers. You are already in the door, so it's better to act as a helpful consultant than as a hardnosed flak. Before you can leverage personal relationships with your client, you have to build them. Educate your client, show them best practices, and explain how your offerings solve specific problems. Inevitably, higher-priced products and services will work their way into conversations, especially if presented in a low-key way as a means to achieve stated goals.

4. ***Package:*** Clever packaging can be a sophisticated tool for upselling. For example, you might sell a database application with certain speed and capacity ratings. As the client grows, it might need additional capabilities for database management, at which point you show how an upgrade to their current application will do the job. Having a series of upgrade packages is a great way to increase revenues as your client grows.

5. ***Coordinate:*** Cross-selling to a different department or division within a client company is not a bad thing – obviously, it does bring in additional revenues. What is bad is when you have uncoordinated sales efforts among different departments within your client's organization. Your shared goal is to increase synergy between departments with products or services that complement each other. What you don't want is to complicate the internal workings of the company, which can lead to miscommunications and bad feelings. Worst of all is when a mistake in one department causes your client to chuck you from the whole company. Account management must be sensitive to these risks and take a holistic approach to the client's needs.

6. ***Incentivize:*** Your company needs to make its sales quotas, but you know that hardselling your existing clients can be counterproductive. A better approach is to offer special deals that facilitate upselling, such as discounts, loyalty points, free training and so forth. Your salespeople should understand your full suite of products and services and be prepared to offer incentives to clients who seek richer solutions.

7. ***Automate:*** Marketing automation is the process of using existing client data – feedback, buying preferences, analytics – to encourage clients to purchase more expensive options. For example, if you are about to sell Product A to a client, automatically send out an email letting your client know that Product B is an upgrade currently on sale for a limited time, and how Product B is more cost-effective in the long run.