



This requires retailers to drive foot traffic into the showroom with large advertising expenditures. What happens next is a retailer's greatest challenge.

### THE MAJOR RETAIL CHALLENGE

Home furnishings retailers typically spend between 6 percent and 8 percent of their sales on advertising and promotions with the goal of driving consumer traffic into their showrooms. It is here that the battle for customers' hearts and wallets is fought. Today, to win the battle, many retailers deploy two primary means for converting foot traffic into sales:

1. Promotions, including those that offer private label credit (PLC) with terms and conditions that both enable and entice the customer to buy, and
2. Salespeople who are adept at skillfully working with the customer and convincing her to buy.

Interestingly, with consumers increasingly using the Internet to check out pricing, credit and product information, they are often more informed about the retailer than the retailer is about the consumer. Obviously, this puts the retailer at a disadvantage in the sales process. In addition, profit margins are continually under pressure from competition.

Retailers must find ways to improve sales performance at the showroom level. Research on traf-

fic-to-sales close ratios in retail showrooms suggests that less than 20 percent of shoppers will buy during their initial visit.

Additionally, some 40 percent of people visiting a retail showroom will leave to buy from a competitor. More than likely, if a consumer walks out the door without buying, she will not be back.

Typically only 15 percent of those entering the showroom are converted into buyers. With this dynamic in play, the desirability of converting more foot traffic to sales, increasing average ticket size, and improving the buying experience for the consumer is clear. Generally speaking, it is more cost effective for a retailer to focus on converting more shoppers into buyers than to simply spend more on mass media advertising to drive even more traffic into the showroom.

*continued on page 62*

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**RETAILERS.**



## Putting TECHNOLOGY to work to improve your close ratio

by David Weyher

Research validates what home furnishings retailers know instinctively. For the majority of consumers, purchasing something for their homes is a very personal and important step. Another proven fact is that it is a woman who most often makes the decision to buy something new for the home. She views this type of purchase as a fashion statement of her own good taste. Therefore, she carefully evaluates how it looks, feels, and what it says about her personally.

Although e-commerce has made its way into home furnishings retailing, it is still a very small percentage of sales (less than 3 percent). And, because buying home furnishings is all about image and emotion for women, physical showrooms that display products and allow the consumer to touch, feel and become attached to the purchase remain a must for home furnishings retailers. But before a prospect can be sold, she must be convinced to come into the store.

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#### OPPOSITE PAGE:

An interactive kiosk on the showroom floor can be a technological ally in closing more sales, upping the total ticket and adding to customer satisfaction.

Processing your application, please wait.



This is the screen the customer sees when she begins her interaction with the in-store kiosk.



An interactive kiosk offers the added benefit of exposing shoppers to promotions while they are in the showroom, a factor in convincing them to make a purchase right away.

ing strategy. Engaging the consumer with a promotional PLC program while they are in the showroom and before they make their purchasing decision will provide a critical benefit to the retailer in the sales process.

### IMPROVE THE CUSTOMER BUYING EXPERIENCE

All consumers want a good buying experience, especially when they are committing to a big ticket purchase. Empowering the consumer to more easily and privately select how they will purchase items will ultimately make the sales process more effective and more productive. Thus, the salesperson ultimately becomes more efficient in the sales process.

### IMPROVING SALES PERFORMANCE WITH A KIOSK

A promotional kiosk on the showroom floor can leverage the retailer's PLC service, website presence, and point-of-sale system to gain better information early in the sales process and improve the environment to affect a sale.

Consumers do not take the time out of their day and travel to a retailer's showroom unless they are serious about making a purchase. With this in mind, the retailer is dealing with a qualified sales opportunity. Having a device that engages consumers during the shopping process and entices them to buy while in the showroom creates a powerful ally in the battle for consumer's discretionary purchases. A promotional kiosk directly and positively affects sales performance on several fronts:

1. The raw number of promotional credit applications increase due to the privacy and convenience of the user-friendly, self-service kiosk.
2. Consumers are engaged earlier in the sales cycle by encouraging


the consumer to "qualify" themselves, both for credit approval and for receipt of in-showroom specials or promotions.

3. Using the kiosk to display digital advertising and promotions and targeted specials and coupons printed at the kiosk will entice the consumer to make the purchasing decision then and there.
4. Collecting important consumer data can be used immediately for target marketing to entice the consumer back into the showroom. Promotions offered in a targeted and appealing manner to consumers in the showroom (narrowcasting) complement the mass media delivered advertising and promotions (broadcasting) to attract the consumers to the showroom in the first place. A leading media research and ratings firm has stated that shoppers are twice as likely to make a purchase from in-store promotions versus external and have a 40 percent better retention rate of the content. The primary point of in-showroom digitally displayed promotions is to influence the consumer's decision-making process when they are most likely to make a buying decision – in the showroom.

Combining the enticement of easy promotional credit application, registration for coupons, and targeted in-showroom advertising and promotions provides retailers with the sought-after "silver bullet" for improving sales performance in a cost-effective and customer-satisfying way.

### SUMMARY

The goal of a home furnishings retailer is quite simple – offer desirable products and services at attractive prices while creating a rewarding buying experience. How they do this is simple as well – offer a private, fast, and effective method for the consumer to apply

for promotional credit in the showroom, receive promotions and specials, and get more information than they otherwise would have while just browsing a showroom. Consumers traveling to a retailer's showroom usually do so with serious intent to purchase. Taking advantage of this opportunity should be the primary focus of home furnishings retailers. Doing so with a promotional kiosk in the showroom that entices purchasing then and there is a smart choice. The result of deploying a truly promotional kiosk in the showroom can be an increase in average ticket on PLC sales of up to 50 percent, improved sales conversion ratio, more efficient use of resources (people and capital), and a more satisfied customer. 

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### OPPORTUNITIES TO IMPROVE SALES PERFORMANCE

The showroom challenge for home furnishings retailers can be met with a concerted focus on improving the sales process. Retailers can improve sales performance and drive higher profit margins by leveraging promotional credit, their online presence, and their expensive brick and mortar showrooms.

### IMPROVE SALES CONVERSION RATIO

It is essential for retailers to improve the conversion of the showroom traffic to sales while the customer is in the showroom. This can be accomplished by making it easier for the consumer to receive and act on promotions while in the showroom, including an incentive to purchase then and there.

### INCREASE AVERAGE TICKET SIZE

Average sales ticket is, to a large extent, a function of a consumer's perspective on their buying power,

propensity or necessity to buy on promotional credit terms (quite often driven by demographic orientation), and buying experience. A small percentage increase in the average ticket size can dramatically improve profitability.

### INCREASE THE EFFECTIVENESS OF YOUR ADVERTISING BUDGET

Mass media advertising and promotion is becoming less effective every day. Target marketing, or narrowcasting, is becoming more necessary. Targeting consumers in the showroom with specific promotions using an inexpensive medium will create a higher return on investment (ROI) of the advertising budget and reinforce to the consumer the reason why they traveled to the showroom in the first place. Exploit benefits of private label credit (PLC.) There is no doubt that consumers and retailers are linked by the expectation that promotions will prompt purchase decisions. Promotions have become an essential element to a home furnishings retailer's market-



Making a credit application via kiosk is quick and totally private, both great benefits in using technology to convert traffic into sales.