

# Knowing Your Customer - The Key To Profitable Sales

**By Fred Jaeckle**

A great deal of research has been done about today's consumers. For example, one study shows that today's consumers are feeling more stressed, more tired, more insecure and more time-starved than ever. You might be asking: what does this have to do with flooring? Try to think about how a beautifully decorated home would help them to feel more relaxed, more secure, and be the most pleasant place to rest. Also think about how time spent in that home can help to make life more enjoyable. And think that since they don't have a lot of time, they really don't want to "shop" multiple stores for flooring. But you need to be able to connect with them in order to gain commitment to buy from your store.

We also know that consumers readily make trade-offs when it comes to their purchases, but are willing to pay more money for a select group of products that provide them with genuine functional and emotional benefits. Flooring can be one of those select products if you can demonstrate the functional and emotional benefit.

Their willingness to pay a premium price does not apply only to wealthy consumers, but to the vast middle class consumers as well. Nationwide there are over 45 million American households with the discretionary income to purchase the products they deem most important to them.

We also know that the consumer phenomenon to "up-grade or trade-up" has grown considerably in recent years, and now extends across a wide swath of the U.S. economy. This impacts many industries including home furnishings/flooring, remodeling, automobiles, restaurants, electronics, and even travel and vacations.

There are many reasons for this. Among them are the facts that the "baby boomers" are in their prime earning years and are nearing retirement, there has been a sharp rise in middle class incomes during the last 30 years, we have experienced rapidly escalating home and property values, and that the home plays a role as the centerpiece of American living. Consumers are willing to use the equity in their home to borrow to remodel and make home improvements.

According to Michael Silverstein, co-author of the popular book *Trading Up: The New American Luxury*, "there is a stronger than ever desire on the part of consumers to pay premium prices for a select number of products and services that create memorable experiences, evoke welcome emotions, and result in a lasting sense of physical or emotional well-being."

When we talk about trading up, we are talking about consumers spending a disproportionate part of their income for products that provide the technical and emotional benefits they are looking for.

Higher incomes are not the only source of funds for trading up. Many consumers trade down on some products, which you and your salespeople need to understand, as this also provides the money to trade up on other products. Consumers at all income levels,

including the wealthy, desire to trade down for products that they view as a commodity, or products that they view as being needed, but having little value.

An example of this would be why some people buy soap, toilet paper, cleaning products, and light bulbs at places like Wal-Mart, but wouldn't buy fashion items such as clothes, furniture, or flooring there. The money they save on these "commodities" helps them to afford the "luxury" or trade-up items that emotionally appeal to them much more. People generally buy gas based on price and convenience, not on brand, advertising claims, quality or beauty. Gasoline is burned and makes their car run. It is stored in a tank where it can't be seen. It is a necessary product, but it is truly a commodity. The same can generally be said for food staples such as milk, ice, bread, butter, cottage cheese, and canned goods.

This new "luxury" has little to do with snob appeal at all. "Old" luxury is egotistical and somewhat aristocratic. Old luxury products connote status and wealth and are purchased by only a small slice of the demographic pie. By "new luxury" we mean products that deliver premium prices and premium profits to your store because these products deliver "real" technical, functional and emotional benefits.

Silverstein has spent a lot of time researching the consumer mindset. His company, The Boston Consulting Group, offers strategies for customer service and brand management. Silverstein says that "the consumer mindset is reshaping the American marketplace, and is accounting for sharp gains in many well-known luxury brands".

This mindset also presents a huge opportunity for flooring stores that use imagination and creativity in displaying and selling their products in ways that demonstrate to the consumer what the products can do for their room and their home.

Remember people often will pay \$2 for a bottle of water, \$5 for a cup of Starbucks coffee, \$20,000 for a Rolex watch, and frequently \$40,000 or more for an automobile.

These luxuries enable them to demonstrate, even if only to themselves, that they have taste, they appreciate quality, they appreciate beauty, and they love comfort, and that they can afford to not have to make compromises in some of the more important areas of their life (like their home).

So what does this mean for our flooring stores and their sales professionals? First of all it shows the importance of understanding and "reaching" these consumers. Once they have chosen to come into your store your sales people need to listen to them, engage them, identify their hopes, and understand their wants and needs. This may sound easy to do, but it takes a great deal of discipline on the part of the salesperson to truly "connect" with the consumer.

Keep in mind that generally the woman is the decision maker when it comes to purchasing flooring. Research shows that most women make purchasing decisions based on emotion, rather than specifications, price, and features. Carefully choosing your words when talking to the consumer is important. Words like beautiful, custom, unique, stunning, exotic, elegant, rich, charming, elite, green, practical, etc. make an emotional appeal when talking about flooring. Again, women generally make purchasing decisions based on emotion.

Being innovative with the way you display and present product, having visually attractive displays or vignettes of installed flooring, showing the consumer how the flooring will make their home beautiful and unique, and offering the decorating services that they need will

provide the functional and emotional benefits that will get consumers to reach into their pocket and spend more so that they can buy an experience rather than just a floor.

According to Silverstein's research, consumers will pay more for superior products. The figures that he gives are that 20% of their unit purchases are in the premium category, and that represents 40% of the category volume (spending), and 60% of the category profits! Flooring, if it is perceived by the consumer to be a premium product, lends itself extremely well to the trade up opportunity.

When you look at the Home Depot or Menard's ads with 49 cent per square foot vinyl and carpet, 99 cent tile and laminate, and \$1.49 per square foot wood do you think the consumer is thinking "premium product"? They advertise these products based on their price, not on what they will do to beautify a room or a home. They tend to treat flooring the same as lumber, a commodity, and that devalues the product in the consumers mind.

This is one of the reasons consumers often go to Home Depot or a Menards store first, just to look and see what is available, but go to a flooring specialty store to make their purchase. Flooring products are one component of a much bigger picture - the room - the home. It compliments and sets off the furniture, the walls, and more importantly the mood and emotion that the room creates in the consumer's mind.

Superior is a very important word. Our flooring products that we are offering to the consumer must be easily seen by the consumer as a superior product. Consumers are much smarter today, and most of them come into your store better prepared than they have been in the past.

They often have done an abundance of research gathered from the internet, shelter magazines, cable television, and other sources. However, they will not have the technical expertise and experience that a seasoned sales professional in a flooring store will have, so the salesperson is still a needed component of the selling process. Keep in mind that consumers are not clueless when it comes to flooring and if your salesperson is untrained or poorly trained, most consumers will spot this immediately, and the chance to sell premium products at a premium price will be lost. In fact the chance to sell this consumer anything (other than price) may be lost.

Today's consumers do not want to be sold, they want to buy. Your salespeople need to help them to create the beautiful room, they need to be able to visualize it, and that will lead them to want it and buy it.

Again, please remember that most of the decision makers on flooring are women, and women usually make decisions based on emotion rather than facts, specifications, and technical features. The more you can appeal to her emotion, the more you will be in control of the sale.

We have a unique opportunity to capitalize on the current state of the consumer, and we must work hard at learning to master the technique. Don't forget that their purchase of flooring will be buying them a mood and perhaps an experience that will last for many years, if not for a lifetime.

***Questions, comments, and feedback are always welcome.***

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