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# Improving Sales with Add-on Sales: a Case Study of TOP-TOY A/S filial i Finland

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**Improving Sales with Add-on Sales:  
a Case Study of TOP-TOY A/S filial i Finland**

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Add-on sales refer to the selling of additional goods or services to customers at the time of purchase. Additional products are optional extras that bring more value for the purchase and improve the shopping experience by taking care of all needs of the customer. These have become an important part of retail sales by increasing sales revenue significantly.

To be successful in add-on sales requires good sales skills, the ability to listen to the customers' needs and knowledge concerning add-on sales. It is also important to have knowledge of consumer buying behaviour, the main stages of the buying decision process and how this changes during impulse purchases. Efficient management of the sales force and a sales-oriented atmosphere will also lead to more success in generating add-on sales. Company management and store managers can support the sales force by training, motivating, supervising and evaluating their performance.

The purpose of this thesis is to identify methods of developing add-on sales in The Finnish branch of TOP-TOY Group, or TOP-TOY A/S filial i Finland. TOP-TOY is a private family-owned business specialised in toys. The focus during add-on sales has been at a rudimentary level and the perception within the company is that improvement is needed in this area. The objective of the thesis project is to determine the reasons for the lack of add-on sales and develop new approaches for the future. The results are primarily targeted at TOP-TOY's Finnish market since the study has been conducted only in Finland.

This thesis has been conducted using the case study method. Data has been collected through interviews with part-time employees and by participant-observation. The results of the interviews indicate that there is a need to train employees more efficiently to improve their sales skills. The respondents were not completely aware of the value of add-on sales, regarding these as being mainly methods of pushing customers to purchase additional items, and therefore quality training related to add-on sales is recommended. Although product knowledge is good, it should be enhanced by giving employees more opportunity to test products, which would improve customer service and the opportunity to succeed in creating add-on sales. Participant-observation is used to observe customer buying behaviour and their decision making process when attempting add-on sales using various techniques.

Key words    add-on sales, retail, salesperson, customer buying behaviour, case study

Jussila, Matti

### Improving Sales with Add-on Sales: a Case Study of TOP-TOY A/S filial i Finland

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Lisämyynti on oheistuotteiden myyntiä asiakkaalle ostohetkellä. Oheistuotteet ovat lisävarusteita, jotka tuovat lisää arvoa ostokselle ja parantavat ostokokemusta pitäen huolta asiakkaan kaikista tarpeista. Tästä on tullut tärkeä osa vähittäiskauppojen toimintaa, koska se kasvattaa myyntitulosta merkittävästi.

Lisämyynnissä onnistuminen vaatii hyviä myyntitaioja, kykyä kuunnella asiakkaan tarpeita sekä tietoutta itse lisämyynnistä. Lisäksi on tärkeää tietää kuluttajan ostokäyttäytymisestä, ostoprosessin päävaiheista sekä miten vaiheet muuttuvat heräteostoksia tehdessä. Tehokas myyntihenkilöstön hallinnointi ja myyntiorientoitunut työilmapiiri auttavat onnistumaan lisämyynnissä. Yrityksen johto sekä myymäläpäälliköt voivat auttaa myyntihenkilöstöä kouluttamalla, motivoimalla, valvomalla ja arvioimalla työtuloksia.

Tämän lopputyön tarkoituksena on löytää keinoja kehittää lisämyyntiä TOP-TOY Groupin suomalaisessa sivuliikkeessä nimeltään TOP-TOY A/S filial i Finland. TOP-TOY on yksityinen perheyritys, joka on erikoistunut lelujen myyntiin. Panostus lisämyyntiin on ollut alkeellisella tasolla ja sen kehittäminen on suositeltavaa. Tarkoituksena on etsiä syitä lisämyynnin puutteelle sekä kehittää uusia toimintatapoja tulevaisuudelle. Koska tutkimus on toteutettu Suomessa, tulokset on suunnattu pääasiassa vain TOP-TOYn Suomen markkinoille.

Tämä lopputyö on toteutettu käyttäen tapaustutkimusta. Tietoa on kerätty osa-aikaisia työntekijöitä haastattelemalla sekä osallistuvalla tarkkailulla. Haastattelun tulokset osoittavat tarpeen kouluttaa myyjiä tehokkaammin ja parantaa heidän myyntitaitojaan. Haastateltavat eivät ole täysin tietoisia mitä lisämyynti on pitäen sitä enimmäkseen ylimääräisten tuotteiden tuputtamisena asiakkaille. Tämän takia laadukas koulutus liittyen lisämyyntiin on suositeltavaa. Vaikka työntekijöiden tuotetietous on hyvällä tasolla, pitäisi sitä tehostaa antamalla työntekijöille paremmat mahdollisuudet päästä kokeilemaan tuotteita, mikä auttaisi kehittämään asiakaspalvelua sekä parantamaan mahdollisuuksia onnistua lisämyynnissä. Osallistuvaa tarkkailua käytettiin asiakkaiden ostokäyttäytymisen sekä ostovaiheiden tarkkailussa yrittäen samalla lisämyyntiä erilaisia tekniikoita käyttäen.

Avainsanat lisämyynti, vähittäiskauppa, myyjä, asiakkaan ostokäyttäytyminen, tapaustutkimus

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## 1 Introduction

An increasing number of retail stores focus more on add-on sales. Customers may notice that almost at any checkout the salesperson suggests additional items to go with the planned purchase or signing up for a membership card. Add-on sales have become important and they may have a big impact on overall sales and therefore new ways of succeeding are being developed all the time. (Kokko 2011)

TOP-TOY Group is a Danish family-owned company. With over 300 stores located in the Nordic countries and Northern Germany, TOP-TOY is the market leader and only specialist toy chain with quality service and know-how on toys. (TOP-TOY 2013) TOP-TOY has created a demand for toys all year long by introducing several campaigns over the year. Christmas is still the most important season of the year but customers locate their way to the stores throughout the year. TOP-TOY A/S filial i Finland is the Finnish branch of the company that started operations in 2005. (Laitila 2005)

Despite their strong campaigns and quality of service, the emphasis on add-on sales is very low at TOP-TOY and sometimes non-existent. With a working experience of two years, I have discovered how it is possible to increase sales with little effort. An add-on sales competition held in Finland during the summer of 2011 resulted in basket size growth of 2-3 Euros per customer in every store. After the competition the average sale per customer declined back to normal and add-on sales was forgotten. There is potential to improve sales performance permanently with add-on sales.

### 1.1 Purpose of the Thesis

Many retail stores, especially clothing stores, have introduced “lists of shame” that display the names of salespersons who have failed to generate add-on sales. Various add-on sales campaigns have been also introduced such as the ones where the salesperson must suggest a certain product to all customers and if it is not suggested, the customer will get it for free. These kinds of enhancements and efficient surveillance of sales easily corrupt the well-being of the workplace and burden the staff. Especially when success is not recognized but failure is brought up; it may decrease job satisfaction and reduce productivity. Forced sales may also affect customer service in a negative way directing customers to do shopping elsewhere. (Kokko 2011)

Add-on sales done in a professional way helping customers solve their problems and satisfying needs will result in a feeling of success for the salesperson, a happy mood for the customer and better sales performance for the company. The purpose is to observe reasons why add-on

sales are not currently done efficiently in TOP-TOY and with what ways can the situation be changed so that it will be done more often in the future. The objective is to achieve methods that are easy to implement everyday working as a salesperson and to introduce selling techniques that salespersons are comfortable using without the feel of pushing the customer to purchase unnecessary items. Another aim is to maintain customer satisfaction and desire to just look at items alone without the feel of pressure from salespeople seeking for good sales.

## 1.2 Research Problem

Identifying a suitable solution to boost add-on sales is going to be a challenge. The key for success is to observe current attitudes of employees toward add-on sales and reasons why it is not done more often. Besides the attitude on add-on sales, it is important to know about the level of product knowledge as well as techniques used for selling batteries and recruiting new BR club members, which both increase the opportunity to improve sales.

The solution given must be easy to teach for all salespeople including the part-time employees that might not have sales experience and do not work that often. It is crucial to maintain customer satisfaction. Especially in Finland, customers are used to self-service and it might bother them if the salesperson tries too hard to pressure with additional items. If customers feel the service is uncomfortable, they will go shop to supermarkets that operate in a self-service way. Creating add-on sales at the right time the right way can be a success especially if the customer feels that there is no pressure and does not fear that the salesperson is pushing for purchase of additional products.

## 1.3 Research Approach

The research method used is the case study. This includes observation of customers' buying behaviour and comparing it to existing theories. Especially observation on the changes of behaviour when the purchase is impulse and not planned is observed. Case examples are given from different sales situations and my efforts in making add-on sales from the time I worked in BR stores Kamppi and Myyrmanni. Progress of these add-on situations and customers' interactions are linked to the theoretical knowledge of the thesis. The purpose is to introduce different kind of creative ways to succeed in add-on sales. The thesis project includes also tacit knowledge gained when working several years as a salesperson in BR Myyrmanni.

The thesis project includes specific observation of customers during battery sales which are the most important and most sold additional products in every store. During the days when I worked in the stores of Myyrmanni and Kamppi, I observed customer reactions when trying add-on sales with batteries. The purpose is to determine, if success in battery sales differs



according to the sales technique used. I tested two most used techniques and compared the results by sorting the customers' reactions in one of the three alternatives created.

According to Yin (2003, 89) interviews are one of most important sources of evidence in a case study. Part-time employees of TOP-TOY are interviewed for this thesis project. The purpose is to become aware of their views on add-on sales, is it challenging or easy for them, and their own opinions concerning their current efforts on improving sales performance. These include add-on sales of products in general, recruiting new BR club members and selling batteries. The second objective of the interview is to determine if their background, meaning if education and the length of work experience in the commercial sector have an impact on the results of the interview. Also their opinions concerning training and product knowledge is asked. The amount of employees interviewed is small and the interviews have many open questions and are free for discussion to receive as much data as possible and to figure out the views these employees have on the subject.

#### 1.4 Theoretical Approach

The theoretical approach consists of three parts. The first part will be about the salesperson and sales skills introducing the purpose of the salesperson and qualities of a good salesperson. The second part is about consumer buying behaviour and impulse buying. This part introduces the decision making process a customer goes through before buying products. Discussion and researches about impulse buying are studied and the decision making process of an impulse purchase is compared how it differs from a planned purchase. The third part is about sales management and how the store manager and management can require improvements in sales performance and add-one sales by training, motivating, supervising and evaluating the staff and maintain a satisfied atmosphere at work.

#### 1.5 Framework of the Thesis

After introduction the second chapter of the thesis will continue with the theoretical approach where sales, consumer buying behaviour and sales management are studied from reliable literature sources. The chapter will end in a summary how all these three parts assist to improve sales performance.

The third chapter introduces more specifically the research approach and the chosen method. Also methodology, meaning how the study was carried out, is explained and the validity and reliability is discussed.

The fourth chapter introduces TOP-TOY in more detail how the company has grown and developed to become the market leader in the toy business in Nordic countries. TOP-TOY operations in Finland are introduced more specifically and also the stores of Kamppi and Myyrmanni where I have been working. A glance of the toy retail market in Finland is presented so the reader gets an idea of competition in Finland. A SWOT analysis is presented from a part-time employee's point of view, using tacit knowledge to look at the strengths, weaknesses, opportunities and threats of TOP-TOY's operations in Finland. The results of the empirical study is presented and analyzed and then evaluated how it can help support and develop future activities.

The final chapters include the conclusion of the thesis project with recommendations for improvements for the future and the evaluation of the theoretical linkage, meaning did the theoretical part of the thesis match the empirical study.

## 2 Theoretical Background

The second chapter of the thesis is about theoretical knowledge. This is received mainly from reliable book sources from the field of sales, consumer buying behaviour, impulse buying and sales management. The chapter focuses on three areas. First area covers sales in general, sales techniques, the role of the salesperson and add-on sales. The second area covers consumer buying behaviour, the buying decision process and impulse buying. The final area covers sales management and how to support and motivate employees and come up with new ideas to sell more to customers.

### 2.1 The Salesperson and Sales Skills

The first step to succeed in sales is having efficient salespeople with effective sales skills. This part of the chapter introduces the role of the salesperson and ideal qualities that help succeed in sales. The basics of effective sales skills are introduced and the chapter ends up with knowledge on add-on sales.

#### 2.1.1 The Role of a Salesperson

A salesperson is the company's business card and has a big impact on the image of the company. Many customers value the company according to the service they receive from its salespeople. Companies should value their successful salespeople and focus on training their service skills. A successful salesperson is satisfied with the company, the job, the customers and with the products that are on sale. (Rubanovitsch & Aalto 2007, 19)

### 2.1.2 Ideal Qualities of a Salesperson

It is difficult to name specific qualities of a good salesperson. The person can be outgoing, energetic and aggressive in order to succeed well in sales but some perform equally good even if they are laid back, soft-spoken and a little shy. "Talk to sales executives and they'll describe top performers in these terms: empathetic, patient, caring, responsive, good listeners, honest." A good salesperson is a problem solver that can help the customer with any problems and needs. Top performers view the sales situation from the customer's point of view and come up with solutions that add value for the customer's basic needs. (Kotler, Armstrong, Wong & Saunders 2008, 786)

According to Kotler et al. (2008, 786), top performers also build relationships with customers. Since this thesis is about retail sales and the stores have approximately 100-400 customers per day, it is not so important for TOP-TOY employees to build relationships. However, customers who visit often and become somewhat familiar to the salesperson can be treated differently and provide better and unique service for them if necessary. One of the case examples (see 4.3.2 Identify Your Customers and Help Them with Their Needs) gives an example of this kind of service.

A good salesperson manages all aspects of the sales process. He or she is a very good listener and can identify customer needs. It is good to have detailed knowledge of products on sale and also awareness of competitors' products as well. A salesperson has to be efficient, convincing, understandable, spontaneous, friendly and polite. A good salesperson chooses his or her words carefully and does not say anything rude. Prejudice against customers must not affect the effort of getting sales. (Rubanovitsch & Aalto 2007, 18-19)

### 2.1.3 Pushing for Purchase

The trend in service culture in Finland has been self-service for decades. It was learned from America in 1970s that it is cost effective for the store to guide the customers to use self-service. Before the 1970s Finland had counter services in grocery stores and consumers were guided in their daily grocery shopping. After absorbing the self-service culture it became important that products are well presented and customers can choose by themselves. After this came in use in big supermarkets, it has spread to smaller stores. However, for the past few years demand for customer service has returned and stores try to compete more often with shopping experience provided rather than with product range or price. (Koljonen 2012)

The trend of self-service has produced customers that prefer shopping themselves without any help. All salespeople who have asked how they can help, have heard the words "I am just

looking, thank you very much”. According to Rubanovitsch and Aalto (2007, 70), a modern good salesperson will not leave the customer alone at this point but advises to open a conversation by asking open questions such as what brings them to the store today. If the customer is ready for conversation, it may be easy to sell not just one product they were thinking of buying but provide information about other products that help them fulfil their needs. The assumption that customers do not want help is not true. Many want assistance with their decisions and more information about products but are uncomfortable to trouble the salesperson who has other customers in the store. If customers are left alone in the first place, there is a risk that next time they will go shopping somewhere else.

The contradiction for this is that, according to a poll conducted by Seprima Oy, an increasing number of customers prefer shopping online since they are uncomfortable visiting stores where salespeople are intrusive asking too many questions and suggesting several additional products. Stores that let customers just look by themselves get credit that it is nice to get service when it is needed. (Tuputtava myyjä ajaa asiakkaan verkkokauppaan 2010)

#### 2.1.4 Add-on Sales

Add-on sales are great since the salesperson can improve customers’ shopping experience by recommending different kind of services or products that give greater value for the main product the customer is looking for. (Ojanen 2010, 97)

Some salespeople perceive add-on sales as pressuring the customer in an intrusive way. Ojanen points out (2012, 97) this is not true if it is done the right way. The salesperson needs to listen carefully for the customer’s needs and try to add value for these needs by additional products. Most effective way for this is to try to create a new need for the customer that can be linked to the main need. (Ojanen 2010, 97)

Ojanen (2010, 97) gives the example of a person hiking in Lapland and wanting to enjoy a cigar after reaching the mountain peak. In this case the person has bought the cigar before the hike and waited for the moment at the top to light it, but then realised after taking out the cigar, that he or she did not have any matches. This could all have been avoided by the salesperson’s simple question about whether the customer might also need matches to light up the cigar. By being asked the question the customer would have been left with a feeling that the salesperson really cares for his or her needs.

There are two important aspects that help the salesperson succeed in add-on sales. First of all it is important to listen carefully for the customer and determine the needs he or she has. This way it is easy to suggest additional products and explain how they fulfil the needs better

than just purchasing the main product. The other aspect is excellent product knowledge. The salesperson might not remember every product on sale at the moment and therefore does not remember to suggest additional products. (Ojanen 2010, 97)

The best time for add-on sales is when the customer thinks that fulfilling their certain needs is very complicated. During these situations it is easy for the salesperson to turn the complicated needs into a very simple and understandable solution by several products so that every need is completely fulfilled. (Ojanen 2010, 97-98)

The best way to prepare for add-on sales and improve product knowledge is a concept map of every product category on sale. This gives the salesperson a great view how the product that a customer is asking for is related to other products on sale. As an example, if a customer is buying a camera, with the help of concept maps, the salesperson can remember to recommend camera stands, lens caps and batteries suitable for the selected camera. (Ojanen 2010, 98-99)

Add-on sales is not pressuring and intruding as many think. It can be seen as providing additional service, and service is one of the most important matters in customer encounters. (Ojanen 2010, 99)

## 2.2 Consumer Buying Behaviour

Consumer behaviour means both physical and mental actions that relate to satisfying needs when the consumer chooses, purchases and uses a product. There are certain features that are characterized by consumer behaviour regardless of the purchase situation. (Ylikoski 1999, 77)

Consumer behaviour is goal-oriented. The consumer is motivated to reach satisfaction from the purchase. Purchasing goods or services satisfy basic needs, social cohesion or needs concerning personal growth. The consumer has a reason for acquisition. When satisfying personal needs the consumer might purchase food because he or she is hungry and a car because of self-fulfilment. (Ylikoski 1999, 77)

Consumer behaviour is influenced by both the personal internal factors and also external factors. Personal qualities such as age, gender, income and education affect buying behaviour. These also affect how the behaviour is happening and what are the needs for purchase. Psychological factors such as motivation, learning and processing of information also affect behaviour. The most important external factors are the society and its culture. Other external

factors can be the economical situation of the country and marketing of the product. Also situational factors, such as consumer's mood, influence buying behaviour. (Ylikoski 1999, 79)

Consumer buying behaviour includes various actions such as gathering information about services, comparing services, contacting a service organization and the use of the service. (Ylikoski 1999, 78)

Consumer behaviour changes according to time and the complexity of the decision. Sometimes decision making takes time and requires a lot of thinking and other times decisions are made quickly and easily. The features of the service and difficulty of acquisition reflect how easily the decision is made. (Ylikoski 1999, 78)

The consumer has different roles during the purchase situation. The consumer can purchase the product for himself or herself or for the family or a friend. He or she can be the user of the service, the decision maker, have influence on the decision or be all of these at the same time. It is important to know about the role the consumer is in when the salesperson wants to affect the decision making process. (Ylikoski 1999, 78)

### 2.2.1 Buying Decision Process

Consumer's decision of buying is a big process and its actions happen in a certain order. Several researches have proven that the consumer goes through a certain process when buying goods or services. Consumers do not think about the process what they go through but focus on what they get after the buying decision. (Ylikoski 1999, 78) Kotler et al. (2008, 265-71) has divided the buyer decision process in five stages (see figure 1).

First of them is need recognition. On this stage the buyer recognizes a need or problem and discovers a difference between his or her actual state and some desired state. The need can be triggered by internal or external stimuli. (Kotler et al. 2008, 265-266)

Second stage is information search. On this stage the buyer gathers information about the desired need. Information gathering can occur as heightened attention towards the need or start active search for more information. The consumer can acquire information from various different sources. These can be; personal sources such as family and friends, commercial sources such as advertising, the Internet and packaging, public sources such as mass media or experiential sources such as handling, examining and using of product. The consumer receives most of the information from commercial sources but usually personal sources tend to be most effective. Commercial sources inform the consumer and personal information evaluates the product in mind. (Kotler et al. 2008, 266-269)

The third stage is evaluation of alternatives. On this stage the consumer uses the information gathered to compare alternative brands and products. There are basic concepts to understand evaluation of alternatives. First, it is assumed that the consumer is looking for certain benefits from the product and sees the product as a bundle of attributes. The consumer is comparing these attributes of different brands. Second, the consumer values the importance of each attribute to help make the decision. Certain attributes are more important than others so each attribute is carefully valued how does it improve or waken expectations of the product. Third, the consumer has certain brand images developed from previous experiences and evaluates the effect of that image to the decision making. (Kotler et al. 2008, 269-270)

Before purchase, there are two factors effecting the decision after evaluation of alternatives and before purchase decision. These are the attitudes of others and unexpected situational factors. After the effects of these factors have been evaluated the consumer is ready for the fourth stage which is the purchase decision. On this stage the consumer buys the product. (Kotler et al. 2008, 271)

The final stage is post purchase behaviour where the consumer evaluates whether he or she is satisfied or dissatisfied with the product. This is determined between the consumer's expectations and the product's perceived performance. (Kotler et al. 2008, 271)

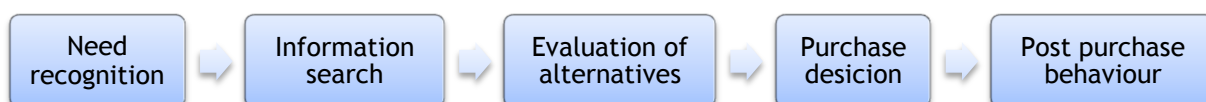


Figure 1: Buying decision process  
(Kotler et al. 2008, 265)

### 2.2.2 Impulse Buying

Impulse buying behaviour is unconscious, driven by emotions and unplanned. The decision of purchase happens very fast. Impulse buying behaviour is affected by the environment of the store, promotional activities and social or cultural influences. Consumers use mental accounting during shopping and according to their mood generates psychological income. Especially if an item is on sale, the customer calculates what kind of savings can be made by this impulse purchase. Positive emotional response takes place when unanticipated savings are made. At this stage the customer will more likely make more impulse purchases. (Brecht 2012)

Stores try to lure customers into impulse buying in several ways. The common way to do this in Finland is with product placement and presentation. Store staff tries to arrange products in

an innovative way to attract attention from customers. A good example of arrangement is IKEA that builds entire rooms or model houses in its stores using only their own furniture and decorations on sale in them. This might help customers get new ideas for their own home and trigger unexpected needs. IKEA also places add-on products, such as decorations, all over the store to trigger new needs for the customer. (Kuningaskuluttaja 2012)

Marketing inside stores is very important. It is inexpensive compared to other marketing. Adverts in stores might trigger a need for a product that customers were not planning to buy. (Kuningaskuluttaja 2012) Since discounts provoke impulse buying, in-store adverts concerning products on sale, clearance promotions and quantity discounts, increase customer's psychological income. (Brecht 2012)

### 2.3 Managing the Sales Force

Managing and taking care of the sales force is important since it is the critical link between the customers and the company. This includes training, motivating, supervising and evaluating of salespeople.

Training of salespeople is important and depending on job description it takes time from couple of weeks to several months. It is important to learn about customers and general customer behaviour types. It is also good to familiarize employees with the structure of the company and go little into detail how operations are run and inform about company strategies and future ambitions. (Kotler et al. 2008, 787-788)

Supervising and motivating salespeople is important to guarantee successful results in sales. After training, it is good to concentrate on supervising salespeople and help them learn more and progress on the job. Motivating sales force keeps employee morale high and can affect performance. Motivation can occur through organisational climate, sales quotas and positive incentives. Some companies do not show their appreciation towards the sales force which may affect performance. Companies should value their sales force and reward good performance and promote the opportunities salespeople have in the company. This is motivating via organisational climate. Setting sales quotas, meaning standards for sales, help motivate the sales force. Achieving quotas should lead to some kind of reward. Positive incentives are a great way of motivating. These include meetings where the staff can socialise and build relationships with co-workers and talk about feelings and encourage each other for better performance. Other incentives include sales contests that increase selling efforts, honours, and merchandise or cash awards. (Kotler et al. 2008, 789-793)



Evaluating salespeople requires feedback from different sources. Most important sources are sales reports. Others include receiving of customer feedback, such as complaints and surveys, discussion with other salespeople and company's personal observation of salespeople. Management should formally evaluate employees of the sales force by using the information gathered. Formal evaluation provides salespeople constructive feedback that helps them improve performance and motivates to do better. (Kotler et al. 2008, 793)

## 2.4 Summary

The theoretical part is conducted to support the purpose of the thesis project which is to improve sales with add-on sales in TOP-TOY A/S filial i Finland. The purpose is to achieve simple solutions that can be used by every salesperson on daily basis at work. The best way to improve add-on sales is by concentrating on basics such as training of staff, improving product knowledge and managing the sales staff with proper supervision, objectives and motivation tools.

Improving sales performance with add-on sales starts with effective management. Selecting employees with the passion to succeed in sales is important. After recruitment it is necessary to train employees so they understand consumer buying behaviour and its processes and also how it differs from impulse buying. It is important to teach ways of implementing add-on sales so it feels like offering quality service rather than pushing the customer in buying unnecessary items. Product knowledge has to be in a good level in order to help customers with any kind of needs and problems. Some concept maps of product categories is recommended so that sales staff can find it easy to remember items that are on sale and help them improve add-on sales by suggesting suitable additional products.

After training it is important to continue improving sales skills by constant evaluation of results and maintaining objectives for upcoming months. Motivation of sales staff is important so that objectives can be met and maybe even exceeded. It is important for the sales staff to see all sales reports so they know what kind of result have been made and where do they have room for improvements.

## 3 Research Approach

The objective of the research is to determine what employees feel about add-on sales, how often is it currently done and if they have ideas how to do it more often. Some of the part-time employees of TOP-TOY, working in stores located in the Metropolitan Area, are interviewed.

Batteries for toys are the most sold additional product in TOP-TOY. The success rate for selling batteries varies according to day and store. Participant-observation of customers is done when selling batteries for products. Two different techniques are used to observe if they have an impact on battery sales.

Participant-observation is also used on case examples provided in the empirical study. These situations include examples of different sales situations and my efforts of creating add-on sales. These situations are described in detail and supported by the theoretical part of the thesis.

### 3.1 Chosen Method

The chosen method in this thesis project is the case study. It can be used in an empirical study when investigating a contemporary phenomenon in a real-life context when boundaries between the phenomenon and context are not clearly evident. The case study method is used to cover contextual conditions believing that it is relevant to the phenomenon of study. (Yin 2003, 13)

A case study requires gathering of data. According to Yin (2003, 85), there are numerous sources of evidence but the six main sources are documentation, archival records, interviews, direct observation, participant-observation and physical artifacts. From these six sources the most important one used is interviews along with participant observation.

Interviews are the most important and essential sources of information in case studies. The case study interviews are not so strictly limited but more like guided conversations. The interviewer is in pursuit of consistent line of inquiry and questions are more indicative than straight forward. This means that the aim is to ask conversational questions in an unbiased manner that meets the demands of the line of inquiry. The interviews are of open-ended nature. The interviewer may ask facts and opinions about the subject. In some cases the respondents own suggestions and insights may be asked for further inquiry. (Yin 2003, 89-90)

Participant-observation is observing the case study setting while having one or numerous roles in the situation, such as in this case serving as a staff member in an organisational setting. Participant-observation has many distinctive opportunities compared to direct observation. Such opportunities are to receive a viewpoint inside the case rather than an external point of view. There is also the possibility to manipulate minor events such as battery sales or add-on sales in certain situations. However, problems of participant-observation include the potential of becoming biased or the participant role requires too much attention compared to the observer role. (Yin 2003, 93-96)

## 3.2 Methodology

In this thesis project, the case study research was conducted by interviewing part-time employees to determine their knowledge and thoughts concerning add-on sales and current efforts in improving sales performance by suggesting additional products. The interview situations were more like guided conversations to retrieve views and opinions for the questions below. Also participant-observation is used to determine how two different sales techniques impact the amount of batteries sold and on case examples of different sales situations, from the stores of Myyrmanni and Kamppi, are reviewed and also supported by the theoretical part of the thesis.

### 3.2.1 Interview Questions

- a. Do you have a business background in your studies?
- b. How long have you worked in BR/ TOP-TOY?
- c. How long is your work experience from the commercial sector?
- d. How familiar are you with our products? (Answers are sorted to the alternatives below.)
  1. Product knowledge is very poor, difficult to help customers.
  2. Product knowledge poor, mainly basics.
  3. Satisfactory, strong basic knowledge of products.
  4. Fairly good, good knowledge of products categories and some knowledge on function of toys.
  5. Very good, able to assist customers in almost any situation. Good knowledge not only about products and categories but also background information of history and future releases of certain products and their detailed functions.
- e. Would you like to learn more about our products? Would you like to have more training and testing of toys?
- f. Has TOP-TOY given you any sales training? If yes, how helpful have you found it to be?
- g. In your own opinion how often do you do additional sales? (Answers are sorted to the alternatives below.)
  1. Never
  2. Very rarely, on a weekly basis
  3. Occasionally, few times during every shift
  4. Often, for most of the customers during my shift
  5. Very often, to almost all off the customers I interact with during my shift
- h. What does it feel like to do additional sales? (Is it easy, challenging, fun, awkward etc.?)
- i. Any suggestions what would help you to do more additional sales?
- j. How actively do you recruit club members? (Answers are sorted to the alternatives below.)
  1. I never do it.

2. When I have the time for it or if the customer asks about it.
  3. I rarely do it, inquire about it from a few customers and recruit 1-3 during my shift.
  4. Often do it, ask almost every client and succeed to recruit the ones who get interested.
  5. Very often do it, ask everyone and persuade those who hesitate at first.
- k. Any suggestions what would help you to recruit more club members?
- l. Is it challenging to sell batteries to clients? How do you think you succeed in this? Do you ask every customer about batteries who buy battery powered toys?
- m. What is your style of selling batteries? With what words do you ask the client about purchasing batteries?

### 3.2.2 Observation of Battery Sales

During the time I worked as a salesperson in the stores of Kamppi and Myyrmanni, I observed how well I managed to sell batteries to customers. I used two different sales techniques alternately for every customer that purchased products which require batteries. The first technique I use myself. The idea is to create the need for batteries by explaining that the toy requires them to function and the package only includes test batteries so that the toy can be tested in stores and they will run out of power very quickly. I also take the required batteries in front of customers so that they do not have to figure out themselves what kind of batteries fit the product. The second technique I have noticed to be in use with many employees. They keep it simple and just ask would the customer like to purchase batteries for the toy without creating any need or showing what kind of batteries fit the product before getting initial interest from customers. When suggesting batteries, I observed customers and sorted their reactions in three different alternatives created. The alternatives are purchase of batteries, hesitation at first but refuses to purchase and immediate refusal.

### 3.3 Validity and Reliability

The validity and reliability of a case study can be tested in four ways. First test is to construct validity by establishing the correct operational measures for the concept being studied. The investigator must use objective judgments to collect the data. The second test is internal validity. It is important to establish a casual relationship where certain conditions are lead to other conditions, such as in this case the skill of listening to the customer and identifying needs combined with good product knowledge, lead to a good solution for the customer including additional products and not just one certain product the customer is looking for. The third test is external validity, meaning can the findings of the study be generalised beyond the immediate case study. In this case, can this study help others than TOP-TOY improve sales performance with add-on sales? The fourth test is reliability. The objective is that a

later investigator could repeat with the same procedures and conduct the case study all over again ending up with the same findings and conclusions. (Yin 2003, 33-39)

Because TOP-TOY arranged an employee meeting including training on add-on sales during the time the thesis was a work in progress, the interviews scheduled after the meeting would not have been comparable to the ones arranged before. Therefore only six employees were interviewed for this thesis project. Even with six respondents, the results are very similar and give a clear picture on the views of add-on sales the employees have. The answers can be considered reliable, since I myself have worked as a part-time employee, and therefore gained trust of the respondents to receive honest answers.

Battery sales were observed during a fixed time period resulting in only 40 purchase situations. The results meet the requirements of reliability presenting a clear difference in customer reactions but could have been more reliable with a longer time period of observation. Overall the case study meets the demands on reliability and validity. Part of the results may also be generalized and possibly benefit other business organisations.

## 4 Empirical Study

This chapter will introduce TOP-TOY Group more specifically concentrating especially on operations in Finland and the BR shops since the study was carried out in BR Myyrmanni and Kampi. The chapter will also introduce the toy retail business in Finland in brief looking at what kind of competition TOP-TOY has. The results of the study are presented with comments.

### 4.1 TOP-TOY Group

TOP-TOY Group is a Danish private family-owned business. It has over 4000 employees and operations in all of Scandinavia, Finland, Germany, Iceland and Hong Kong. With an annual turnover of 500 million Euros, it is the biggest toy company in the Northern European markets. (TOP-TOY 2013)

#### 4.1.1 Organisational Structure

TOP-TOY Group consists of three different lines of business that are retail, wholesale and purchasing that are divided into individual units, operating under TOP-TOY Holding, making use of its supporting functions and services. The first unit, TOP-TOY A/S, handles retail and has in total 303 TOYS R US and BR stores operating in Denmark, Sweden, Norway, Finland, Germany and Iceland. It also operates BR online stores in every country mentioned above ex-

cluding Iceland and TOYS R US online stores in every country mentioned above excluding Germany. The second unit is NORSTAR which handle wholesale. It is the market leading Nordic distributor of toys and licensed products for children and teenagers. Founded in 1963 and originally named after founder Mr. K.E. Mathiasen, it was a wholly family-owned business until acquired by TOP-TOY Group in 2009. It changed its name to NORSTAR in 2012. It has five showrooms in total located in the Northern countries. The third unit is TOP-TOY Hong Kong Ltd. which handles purchasing. It is located in Hong Kong so it is near Asian suppliers and manufacturers and therefore nearby the newest toy trends. The unit handles sourcing, designing, order processing, quality control and shipping of products to Northern markets. (TOP-TOY 2013)

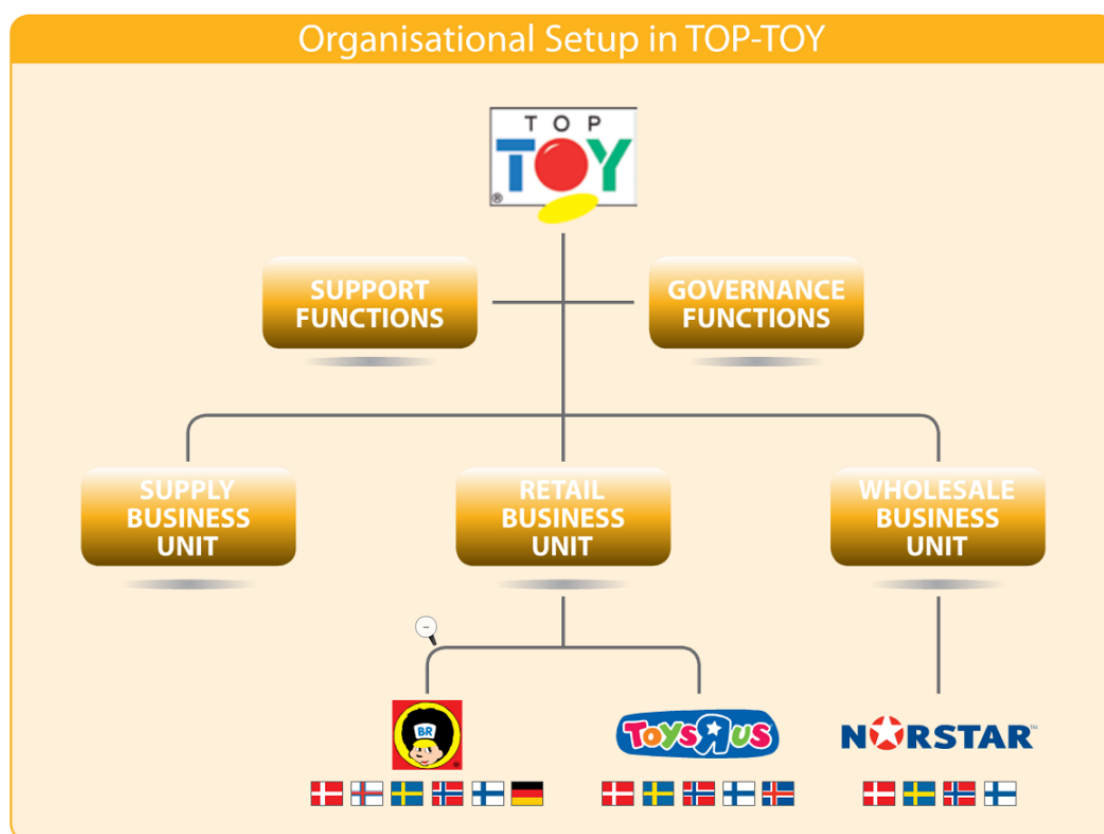


Figure 2: Organisational Setup in TOP-TOY  
(Our Values in Play 2011/2012 2012, 30)

#### 4.1.2 History of TOP-TOY Group

Operations started in 1950 when founder Børge Rasmussen opened a newsagent in Denmark. During the 1950s the range of products grew and especially toys were sold during Christmas. Rasmussen had a vision of turning the place in to a major toy store. It happened in 1963 with

the help of his sons Bjarne and Henrik Gjørup newsagent transformed into a toy store and changed its name to BR after its founder's initials. (Our Values in Play 2011/2012 2012, 32)

Since then, BR grew into a retail chain opening new stores around Denmark. In 1987 a new retail format was introduced alongside BR by opening the first SUPERLEG toy store. In 1990 TOP-TOY A/S was formed to operate all business activities. BR grew constantly and opened its first store in Sweden in 1991 and established its buying office in Hong Kong in 1992. (Our Values in Play 2011/2012 2012, 32-33)

In 1996 TOP-TOY made a major franchise deal with TOYS R US and converted all existing SUPERLEG stores to TOYS R US stores and also took over all existing TOYS R US stores in Sweden. In 1999 the current BR logo was introduced and TOP-TOY continued to expand by opening its first TOYS R US store in Norway and its first BR store in 2003. TOP-TOY started operations in Finland in 2005 opening 5 BR stores and its first TOYS R US store in 2006. Operations in Iceland started in 2007 by opening its first TOYS R US store. (Our Values in Play 2011/2012 2012, 33)

TOP-TOY has improved its position in the markets by acquiring local toy retail stores. In 2000 Swedish toy retailer Stor & Liten was acquired and converted into BR. In 2007 TOP-TOY started operations in Germany by acquiring North German toy retailer Salzmann converting all existing stores into BR stores. In 2008 happened the acquisition of Norwegian toy retailer Edwis that was converted into BR. (Our Values in Play 2011/2012 2012, 32-33)

Wholesaler K.E. Mathiasen was founded in 1963 and in 1999 it acquired another wholesale company NORSTAR that operated in Norway and Finland. TOP-TOY acquired K.E. Mathiasen in 2009 and changed its name to NORSTAR in 2012. (Our Values in Play 2011/2012 2012, 31-33)

TOP-TOY has grown significantly throughout its existence. In 2009 TOP-TOY got its third generation leaders when Lars and Peter Gjørup were pointed joint Managing Directors of the company. Since then, both BR and TOYS R US online stores have been opened. (Our Values in Play 2011/2012 2012, 33)

#### 4.1.3 TOP-TOY A/S filial i Finland

TOP-TOY started operations in Finland during 2005 opening five BR stores at once. Since then TOP-TOY has grown fast opening the sixth store in the same year and the seventh on March 2006. (Laitila 2005) The First TOYS R US store was opened in 2006. (Toys "R" Us hämmentää Suomen lelumarkkinoita 2006) Currently there are 25 BR stores and five TOYS R US stores in operation and also wholesaler NORSTAR has an office operating in Finland. (TOP-TOY 2013)

#### 4.1.4 BR Kamppi and Myyrmanni

The following chapter concerning BR Kamppi and Myyrmanni is tacit knowledge gained by work experience in both stores. The chapter describes how a regular workday varies in these two stores, from which Kamppi is one of the biggest according to sales and Myyrmanni is one of the smallest.

BR Kamppi was the 7th store that opened in Finland in March 2006. It has grown to be one of the most important BR stores making the biggest sales along with the stores of Jumbo and Itäkeskus. Shopping mall Kamppi is located in the city centre of Helsinki and attracts customers from all over the Metropolitan Area. Kamppi also attracts tourists that are looking for toys to take home as souvenirs.

BR Myyrmanni is located in the west side of Vantaa in shopping mall Myyrmanni. The store was opened in November 2010 and was the 19th BR store opened in Finland. It is one of the smallest stores according to sales. Myyrmanni attracts only local residents to shop since there are many bigger shopping malls located nearby.

Working in BR Kamppi is hectic throughout the shift since a steady stream of customers visit the store all day long. Usually there are two or three employees working a regular shift, excluding seasons such as Christmas when the amount of employees is higher. It is easy to divide tasks among employees so that one is in charge of checkout and the others are working on store related tasks and helping customers in the store. If necessary, other employees will help at checkout.

In BR Myyrmanni customers come in cycles and there are times when the store is empty but for short periods of time it may be very crowded. Employees work alone part of the day because the amount of customers is low compared to other stores. This means that the employee is in charge of checkout, store related tasks and customer service all at the same time.

Since in Kamppi it is possible to divide work tasks, the completion of store related tasks is much faster because there are few interruptions in the middle. In Myyrmanni completion of tasks takes time because customers might need help or someone is waiting at checkout. Therefore tasks concerning maintenance, unloading of new toys and stacking of shelves are slower in Myyrmanni than in Kamppi. In turn, sales are so much bigger in Kamppi that they receive a new load of toys twice a week rather than once like in Myyrmanni and they also receive more pallets of toys during every load. Also stacking of shelves take more time since in



Myyrmanni it is done once a day but in Kamppi it has to be done throughout the day. This means that there is much more work in Kamppi so employees are very busy in both stores.

The biggest difference in improving sales comes from club membership recruitment. It is much easier to recruit new BR club members in Kamppi since other employees can take care of checkout when new members are recruited. In Myyrmanni, the queue at checkout can become long and frustrate other customers and therefore it is neglected at times when working alone.

When thinking about add-on sales, there are differences on how it can be done in these stores. Since employees are sometimes working alone in Myyrmanni, it is not possible to offer help for every customer in the store and therefore it is essential to try add-on sales more often at checkout, suggesting additional products for the chosen item they are about to purchase, and also ask if customers found what they were looking for. It is easier to reach customers in the store in Kamppi and help them achieve the best solution for problems and needs. Especially tourist want more help than locals. Even if it is easier to do add-on sales in the store, it is also important to remember it at checkout.

#### 4.1.5 Toy Retail Market in Finland

Unlike Denmark and Sweden, customers in Finland are not used to specialty toy stores but instead purchase most toys from supermarkets and department stores. It is estimated that in 2005, before TOP-TOY started operations, supermarkets held a 55% market share of the toy business and department stores 20%. The rest was divided mainly by sole traders and various online stores. (Laitila 2005)

One of the supermarket chains, Citymarket, makes 40% of its annual toy sales in November and December just before Christmas. The reason for success with department stores and supermarkets is that they increase the size of the toy section during the end of the year and after Christmas returns it to its normal size to make room for other products. (Laitila 2005)

Before TOP-TOY started operations, entrepreneur Antti Sawo maintained several toy stores by the name Lelulaatikko. These were primarily located in the shopping malls of the Metropolitan Area. Lelulaatikko provided customer service unlike super markets and department stores. Since competition is fierce, the selection of toys was very small concentrating only on the best selling brands. (Manninen 2003) In 2005 Lelulaatikko was nearly bankrupt and sold all five remaining stores to TOP-TOY which converted them into BR stores and began operations in Finland. Since then, TOP-TOY has been the only specialist toy store chain operating in Finland. (Laitila 2005)

TOP-TOY holds over 50% of the market share of toys in Denmark and in 15 years has gained a 40% market share in Sweden by acquiring their biggest competitor Stor & Liten. (Laitila 2005) The objective in Finland is to gain in ten years, by the time of 2015, a 40% market share of the toy business. (Toys ”R” Us hämmentää Suomen lelumarkkinoita 2006)

#### 4.2 SWOT Analysis of TOP-TOY A/S filial i Finland

This chapter introduces a SWOT analysis of TOP-TOY A/S filial i Finland. It is mainly tacit knowledge from the view of a part-time employee. It evaluates the company’s internal factors, strengths and weaknesses, such as management of operations and knowledge of employees. The evaluation of external factors, opportunities and threats, includes comparison to competitors and various possibilities that may help gain competitive advantage in the future. The SWOT presents clearly how add-on sales and training of staff will help avoid threats and reduce weaknesses.

<p><b>S</b> <b>Strengths</b></p> <ul style="list-style-type: none"> <li>•The only retail chain store specialised in toys in Finland</li> <li>•Better customer service and product knowledge compared to competitors</li> <li>•Product safety and testing of toys</li> <li>•Strong campaigns</li> <li>•Store return policy</li> </ul>	<p><b>W</b> <b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>•Product knowlegde does not always meet customer demands</li> <li>•Employees’ sales skills</li> <li>•Almost all support (excluding HR and Country Manager) come from Denmark</li> </ul>
<p><b>O</b> <b>Opportunities</b></p> <ul style="list-style-type: none"> <li>•Strong partnerships can be utilised in <ul style="list-style-type: none"> <li>• Creating great campaigns</li> <li>• Increasing product knowledge</li> <li>• Training sales skills</li> </ul> </li> <li>•Create more campaigns and events directed to Finnish customers</li> <li>•Finnish customers value product safety of toys more than low prices</li> </ul>	<p><b>T</b> <b>Threats</b></p> <ul style="list-style-type: none"> <li>•Strong competition <ul style="list-style-type: none"> <li>• Low prices of competitors</li> </ul> </li> <li>•The growing popularity of online retailers</li> </ul>

Figure 3: SWOT analysis of TOP-TOY A/S filial i Finland

##### 4.2.1 Definition of SWOT

SWOT analysis is one of the most known tools to inspect the strategic positioning of a business and its environment. SWOT is an acronym from the words strengths, weaknesses opportunities

and threats. Strengths are reasons for success of the business and weaknesses are qualities that prevent the business achieving its full potential. These two are considered as internal factors that can be influenced and altered within the business. Opportunities present the environment where the business operates and indicates how it can benefit from the circumstances and improve strategy. Threats are factors that jeopardize the profitability and reliability of the business. The last two are external factors and cannot be controlled by the business. (SWOT Analysis)

SWOT analysis is a source of information in strategic planning. It helps building strength, reverse weakness, utilise opportunities and avoid threats. It helps to identify core competence and set objectives for strategic planning. (SWOT Analysis)

#### 4.2.2 Strengths

Being the only retail chain store specialised in toys in Finland is a great strength combined with quality service in all stores and TOP-TOY's good return policy. Customers do not get as good customer service from competitors that have toys as just one category among other products in their store. TOP-TOY's flexible return policy gives the expression that they care for customer needs and are willing to change or return products. Products can be changed in any store regardless where it has been purchased. One of the most important strengths is product safety. TOP-TOY's testing team in Hong Kong make thorough tests resulting in excellent quality and very few recalls.

#### 4.2.3 Weaknesses

Since TOP-TOY is the only toy retail chain in Finland, it brings big responsibility. Many customers have big expectations regarding product knowledge. Often customers have been surprised when hearing that employees have not been testing out the toys themselves. If product knowledge does not meet the demands, customers will shop elsewhere. The sales skills of employees are good but could be improved. For example skills concerning add-on sales are at a very primitive level and could be improved. In addition, almost all support comes from Denmark which sometimes leads to situations such as lack of a Finnish user manual or not receiving certain products or campaign supplies in time. These are however rare mistakes and overall cannot be considered as big weaknesses.

#### 4.2.4 Opportunities

TOP-TOY has strong partnerships with other toy companies. These are utilised well by various campaigns held in BR and TOYS R US stores. Hopefully there will be more campaigns in the future designed especially for TOP-TOY. Partnerships should also be used to improve product knowledge especially when launching new products. Along with improving product knowledge, the partners can help to develop sales skills and come up with solutions how to succeed in add-on sales with their products.

Several campaigns are arranged together with every country TOP-TOY operates in. It would be great to see campaigns designed just for the Finnish markets. As an example, TOP-TOY invested in a Labour Day campaign for the first time in 2012 that was a success. Labour Day is very big in Finland and will likely improve sales in the future.

Finnish consumers are very concerned about product safety especially when the products are directed to children. Informing customers about TOP-TOY's product safety would improve company image and attract more customers.

#### 4.2.5 Threats

The biggest competitors are supermarkets and department stores that can compete with price. On average TOP-TOY products are slightly more expensive than most competitors but competitors lack customer service skills and strong campaigns. Another threat is the increasing popularity of online shopping and various different online toy stores. TOP-TOY has opened both BR and TOYS R US online stores to take part in competition. There will always be demand for customer service and that is TOP-TOY's strength compared to others.

### 4.3 Participant Observation in the Case Study

Before introducing the results of interviews and battery sales, case examples of add-on sales are presented. These situations include me helping customers and making efforts on add-on sales. These case examples have happened during the time I have worked in the stores of Myrmani and Kamppi and are conducted using participant observation. All situations have been explained in detail and supported by the theoretical part of the thesis.

#### 4.3.1 Listening to Needs, Solving Problems, Tackling Obstacles and Succeeding in Add-on Sales

When working in Kamppi, an elderly woman came to me with a problem. Her 4-year-old grandson's birthday was coming up but for a while now there has been a major change in his playing habits. The boy has become bored and grown out from using toys aimed at 1-4-year-olds such as Play 2 Learn products. He has also liked toys based on the movie Cars by Disney and Pixar but those have become boring too. What is the next step for this boy? What would he like to play with?

The customer insisted that the toy must not be made of cheap plastic that operates with batteries and does things on its own but it must be a quality toy that is creative and somewhat educational. After suggesting and introducing some products, she liked the idea of DUPLOs, the product of LEGO, that has the same idea but bricks are bigger and suitable for younger children. DUPLOs are a great way to start the child's LEGO experience. Bigger bricks and product packages with themes that are more suitable for younger children make it a high quality product with a creative side and to some extent educational features. I introduced the customer with a starting package, including a big amount of various bricks and instructions for several different constructions, bringing the idea of LEGOs familiar for the child. The child learns that there are endless possibilities for the imagination by using the same bricks. This package was at the time valued 49.99 Euros.

Tackling obstacles is common and also this customer had some doubts about the product. Her daughter, the mom of the child, is writing a blog about the use of plastic and does not like plastic products at all. I explained the customer that LEGOs and DUPLOs are very high quality products and they are unbreakable with the right kind of use. She was convinced that the product is very high quality despite of being plastic.

Another concern was the high price. LEGOs are priced rather high but this obstacle is very easy to tackle. I told the customer that I do not see this as a purchase but it is more like an investment. The possibility of a major decrease in demand for LEGOs is very low and it is always easy to sell the product at a flea market with a good price or save it for their future generation.

The customer liked my way of thinking and was ready to purchase the product. I was not finished yet since I recommended that she should purchase a platform where all creations can be built. The platform at that time was valued at 16.95 Euros and the customer was so happy with my service that without any question wanted to purchase it also.

I solved the problem the customer had which was a birthday present for her grandson. I tackled obstacles which included the quality of the product and the fact it is made from plastic and also the high price. In the end I created a new need for the customer, meaning the platform for the DUPLO bricks, and convinced her to purchase it. After purchase the customer told she was grateful for the excellent service received.

#### 4.3.2 Identify Your Customers and Help Them with Their Needs

A middle-aged couple came to the BR store of Myyrmanni and I remember seeing them very often. I remember the couple and their son visiting almost every week, buying only Champions League booster packs, without taking a glance at other products. Usually they buy 1-3 packs, which cost 1.50 Euros each, resulting in a very low purchase price. This time the couple came without their son and seemed to remember me from their earlier visits. They told me that the boy has behaved very well and deserves two booster packs as a reward.

I told the couple that I see them almost every week buying these packs from us. My suggestion is that they buy several now when their son is not with them at the store and give him only two packs. Next time when he deserves more they do not have to come all the way to our store since they have some on reserve at home.

The couple liked this idea and bought twenty packs instead of two, costing a total of 30 Euros. My guess is that now when they have them already purchased, it is more likely that their son will earn a pack more easily since the parents do not have to come all the way to our store to get them. This means that they will probably come back after a month to purchase another bundle of packs for their son.

#### 4.3.3 Prejudice Must Be Avoided

Rubanovitch and Aalto (2007, 19) point out that prejudice must not affect salespersons efforts of getting the sale. This has proven to be correct numerous times especially when trying add-on sales with batteries. The customer can be very cautious of spending money on toys and looks for discount products that do not cost much and still trying to bargain even more at checkout. When asking about batteries there are times when salespeople are sure that the customer does not want them but it might actually be very easy to persuade them in buying a pack so that the product can be taken to use right after purchase. It is important to ask every customer about the batteries if the toy requires them.

Another example was a male customer buying birthday gifts for a boy. This customer seemed very tense and was in a hurry and wanted something fast that does not cost much. He ended up buying a pillow and an alarm clock that both had the Football Club Barcelona logo on them. He also tried to bargain with the end price at check-out.

At first, I thought that it was hopeless to try additional sales but tried anyway. I noticed that the gift receiver seemed to be a football fan because of the selected products and suggested Champions League booster packs, costing 1.50 Euros a pack, to go along with the presents. It turned out the customer was not aware that Champions league trading cards were included in our product range and got interested right away. The customer did not buy booster packs but instead a giftbox, worth 19.99 Euros, to go along with the other products. He also realised that our booster packs are cheaper than competitors and told me that he will come back to purchase more of them in the near future.

A simple idea to improve the gift selection turned out to be a success. The customer's basket size value almost doubled and he promised to come back for more purchases. The customer did not seem to be tense and in a hurry anymore after the purchase but instead very happy and pleased with the service received. Prejudice must not affect customer service.

#### 4.3.4 Good Product Knowledge Helps Suggesting Add-on Products

This case example points out how important good product knowledge is and how to do more add-on sales by mind mapping products. This particular example happened during summer 2011. A couple and their young son came to stop by at BR Myyrmanni just to look at toys but were not planning to purchase anything. The mother of the family became interested on a big inflatable pool that was on sale for 49.99 Euros. The father of the family considered it too expensive.

First I created a need for the family by painting an image of their young son bathing in their backyard in their own pool. This was a big pool so that also the parents may enjoy it but most important of all kid will have an unforgettable summer. The mother of the family got even more interested and started to ask about necessary accessories for the pool.

In less than a minute I had stacked in front of them a platform for underneath the pool, a cover for the top, specialised pool detergents and a pump to fill the sides of the pool. I also took out a bag containing 100 ball pit balls that will double the fun when swimming with their son.

At this point all products added up cost 188 Euros which was quite a lot since the pool only costs 49.99 Euros. Naturally the family wanted discount and began to bargain the price. My solution was simple and I proposed them to join the BR club and receive collector stamps from the purchase that can be used for future purchases in our stores. This was good enough and they purchased all items.

With good product knowledge and fast actions collecting necessary accessories without hesitation I gained the trust of the customers and convinced them all products are worth buying. Also creativity is needed to suggest products, such as ball pit balls or floating rubber ducks, for customers buying swimming pools to bring great additional value for the product and improve daily sales of the store.

#### 4.4 Results of the Interviews

The plan was to interview part-time employees of TOP-TOY, who work in the Metropolitan Area in Finland, and observe how much do they concentrate on add-on sales, recruiting new club members and how well do they sell batteries. Also their attitude towards add-on sales, battery sales techniques and product knowledge was inquired. Unfortunately, during this process TOP-TOY held a meeting and training session for all BR employees concerning Christmas, product knowledge and add-on sales. Therefore, the interviews scheduled after the meeting are not comparable to the ones held before the meeting and are left out of the thesis project.

##### 4.4.1 Background of Respondents

Six part-time employees were interviewed for the thesis project. One of them has a business background on her studies and over four years of working experience from the commercial sector. One of the employees has had some business courses on her studies and almost a ten year experience from the commercial sector. Four of the respondents do not have a business background in their studies and all of them have 2-3 years of experience from the commercial sector. A business background or the length of their working experience from the commercial sector did not affect the result of the interview. Also the length of working experience in TOP-TOY did not affect the results. A promise was made for the employees to keep the interview anonymous.



#### 4.4.2 Product Knowledge

Product knowledge of all employees is relatively good. According to respondents two of all six know the basics of TOP-TOY products very well and four of all six now even more and especially certain functions of toys so that it is easy to answer customers' possible questions. However, knowledge on history of certain toys or future development and also detailed information about the functions of toys are not familiar. Furthermore, toys that are sold by competitors and may not be found from our product range are not familiar.

All employees expressed big desire for more product training and especially training for new toys that come on sale. Especially, the possibility of testing products is desirable and not just learning by reading from the packages. Most of the respondents feel that their product knowledge does not match the requirements what customers have, since BR and TOYS R US stores are both specialised stores for toys, the knowledge of salespeople is assumed to be very good

#### 4.4.3 Selling and Add-on Sales

When asking respondents about sales training given, three remembered having 2-5 active training days before starting work at TOP-TOY and considered it helpful. These training days have concentrated more on learning how the cash register works and about the daily routines of the store rather than sales skills. The other three respondents remembered having a few sales training sessions but the quality of these meetings have been very poor. These training sessions they remember, have usually been part of a regular meeting where the store manager has also discussed other subjects and upcoming sales seasons. Trainings done in Intranet were found somewhat helpful but not sufficient enough.

Sales training might help employees improve their skills for performing add-on sales since many of the respondents have a negative image on the subject. Five of the six respondents felt that when attempting add-on sales they are pushing the customer in buying unnecessary products that they do not want to purchase and also they do not know how to suggest additional products naturally making themselves feel awkward. This results to poor add-on sales at the moment. In their own opinion, two of the six respondents felt they do add-on sales occasionally every time they work but the other four admitted they do it rarely and know that they should try to do it more often. Some complained that days are busy and understaffed so there is no time to concentrate on add-on sales.

Suggestions for improvement included playful competitions concentrating on add-on sales to boost their efforts, encouragement from the store managers and some kind of incentives would help do better. One of the respondents suggested sharing of ideas how to succeed in

add-on sales including good sales pitches that have worked and suggestions of products that go well along with other products. One of the employees would like to increase the amount of employees working at the same time. The respondents felt strongly that the best way to succeed is with encouragement from executives rather than pressuring for results. Some fear that executives may start pressuring to do more add-on sales, like they do in many clothing stores, and feel that this would strongly impact morale and decrease productivity.

#### 4.4.4 Battery Sales

Succeeding in battery sales varies often according to respondents. There are days when almost every customer who needs batteries buy them and then days when nobody purchases batteries. Half of the respondents determine battery sales easy and think that they succeed well. These respondents have a good technique of showing the battery pack to the customer and explaining that the product they are about to purchase requires batteries. The other three who do not think battery sales are easy often only ask would the customer want to purchase a pack to go with the product without creating the need for the customer. My observation of battery sales gives a clear picture of the difference in sales results these two techniques have (see 4.5 Observation of Battery Sales).

#### 4.4.5 Club Recruitment

TOP-TOY has discovered that club members spend more money on average than other customers. Therefore it is important to recruit new members. Only one of the respondents claimed to actively recruit new members and another one claimed to do it quite often. The rest do it rarely, mainly because the recruitment process is rather long in their opinion, especially if it is a busy day and they are working alone. Half of the respondents wish that the process could be made faster but cannot come up with a clear solution how. The computer and printer should work faster and maybe it would be easier for the customers to fill a form instead of employees asking personally for all necessary information. Most say that the only way to increase recruitment is to increase staff and not work alone. Incentives and competitions help increase club recruitment momentarily but it is not a long term solution.

#### 4.4.6 Summary

The results of the interviews give good insight on opinions and working methods of part-time employees. The results can be regarded reliable since I gained the trust of all employees and received honest answers by being a part-time employee myself.

The interviews give a clear picture of product knowledge, battery sales, club recruitment and current efforts, opinions and skills on add-on sales. With the information received it is easier to plan how to improve sales performance in the future.

#### 4.5 Observation of Battery Sales

The results on observation of battery sales indicate clearly which of the two sales techniques is better in order to succeed in sales. It can be seen from the chart, that when the need for batteries is created (method 1), the customer listens what the kind of offer is made and more likely will purchase batteries than with the other technique. The immediate refusals doubled with the second technique when I just asked about purchasing batteries (method 2). It could be noticed from the reactions of customers that they are prepared to say no for additional products. This immediate refusal can be avoided with creating the need first before suggesting the purchase of batteries so that you can get the customer to listen for your suggestion.

Method 1			Method 2		
Purchase of batteries	Hesitates first but refuses to purchase	Immediate refusal of purchase	Purchase of batteries	Hesitates first but refuses to purchase	Immediate refusal of purchase
	X		X		
X					X
X					X
	X				X
X				X	
		X	X		
	X				X
		X		X	
X				X	
X				X	
	X				X
X			X		
	X				X
X					X
		X			X
		X	X		
X				X	
	X				X
	X				X
X			X		
<b>9</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>10</b>

Table 1: Observation of battery sales

## 5 Conclusion and Recommendations

The objective of the thesis project is to identify methods that improve sales with add-on sales. Before starting the thesis project I assumed that various different sales techniques should be created and tested out to increase add-on sales. However, the interviews revealed that the employees lack sales skills and the best way to proceed is quality training. Stores also need a more sales-oriented atmosphere which is taken to count in this thesis.

### 5.1 Sales Training

The results of interviews reveal that most employees have a negative image about add-on sales and consider it as pushing the customer for unnecessary purchases. It is important to train the staff and inform what add-on sales are all about, meaning helping the customers to fulfil all needs and solve all problems. It is good to know the basics of consumer buying behaviour so customer's reactions can be interpreted better and change sales tactics according to them. After training of staff, it is important to continue improving sales skills with feedback from store managers.

### 5.2 Product Knowledge

Product knowledge is at a very good level among employees according to interviews. However, all employees want more training and especially the possibility of testing toys. It is easier to sell products the more knowledge employees have. TOP-TOY should figure out if it is possible to arrange more time for product training. Employees who use their leisure time browsing the Internet for information on toys and looking at related movies, such as Disney Cars, notice it much easier to serve customers and suggest additional products.

Creating detailed concept maps of product categories is big work but would help the employees remember all products. After studying a concept map, for example of Barbie products, the employee will instantly remember to remind the customers of all accessories the Barbie dolls have. When the employees can help and inform of products without hesitation, it gives customers an image of a reliable and professional seller that will affect the customers' decisions of purchase.

### 5.3 Managing the Sales Force

Store managers and management should create a more sales-oriented atmosphere by setting objectives and informing about progress of achieving them. Store managers should arrange more staff meetings and go through current objectives and progress and results of previous

objectives the store has had. Fun sales competitions among employees will also boost sales of certain products for a short period of time and increase sales-oriented atmosphere. Tips and hints of good sales tactics, such as the case examples in this thesis project, should be shared among employees to increase potential of succeeding with good sales.

#### 5.4 Recent Improvements

During the time this thesis was a work in progress; TOP-TOY introduced a commission program and started a pilot test in Finland. The Pilot test has been in use for several months and it seems to have a great effect on sales-oriented thinking with all employees. The commission program is executed well and rewards, given as TOP-TOY points, can be used in many ways are very clever. The year 2013 started well introducing several sales bonus competitions for numerous products. Also “sales bingo” has been introduced where the idea is to fill a bingo plate full of different sales tasks such as “sell 6 packs of batteries”. These kinds of competitions increase and maintain sales-oriented atmosphere helping employees do more add-on sales throughout the shift.

#### 5.5 Sales Techniques

This thesis has concentrated on how to improve the basic needs to succeed in add-on sales. There are no specific sales techniques introduced. During the time I worked as a salesperson, I tried certain techniques but the gathered data was not sufficient enough to display any results.

One of my suggestions for the future is more quantity discounts. The most famous quantity discount product at the moment is the scale model cars. One car costs 3.95 Euros but three cost only 7.00 Euros. Rarely customers purchase only one, and the ones who do, usually buy three when they are told that they can give one of the cars now for the child and save the other two for special occasions. Toys are in a way a timeless product, meaning you do not have to use and play with them right away. A same kind of situation occurred with the Christmas wrapping paper which had a quantity discount when the customer purchased three at once. The leftover rolls can be used next Christmas so why not save some money now by making use of the quantity discount. These kinds of discounts could be used more often with numerous products such as trading cards.

Another suggestion is to carefully choose the items placed near checkout. Usually the items are new or trending products that customers are interested in. This is a good thing to have them near the checkout ready for the last minute impulse purchase. The salesperson at checkout can also inform and suggest these products for customers. However, sometimes

checkout items are random products that do not have any place elsewhere in the store. These items rarely sell well and should not be put near the checkout stand. Seasonal items are also important near checkout. As an example, during Halloween, products such as face paint, artificial scars and scary masks can be suggested to customers who purchase costumes. In addition, a few small additional products, such as outfits for Zhu Zhu Pet hamsters, ammunition for Nerf and Airblaster weapons and accessories such as pacifiers for baby dolls, should be kept at checkout and recommended to customers buying similar products to improve the value of the main product.

I realised that there are big differences in customer buying behaviours depending on the store when working in both Myyrmanni and Kamppi. Because of this, I suggest every store negotiate themselves, with the whole staff, of products recommended to customers. Employees should also share their experiences of their own sales techniques to help others succeed better.

## 6 Theoretical Linkage

The purpose of the thesis is to improve sales with add-on sales. The results of the interviews demonstrate that improvement in knowledge of add-on sales is necessary. The theoretical part explains thoroughly good qualities of a salesperson and the role they have in companies. In addition, the Finnish sales culture and add-on sales are described in a comprehensive manner. Also consumer buying behaviour is reviewed using professional sources and how that behaviour changes when consumers are shopping on impulse. All this information helps TOP-TOY employees improve their skills and perform better results with add-on sales. Managing the sales force requires training, supervising, motivating and evaluating of staff in a good professional manner to succeed in goals set for every store. The theoretical part on managing of sales force brings up these tasks and the thesis suggests improvements on these areas to improve each sales force in TOP-TOY. Therefore the theoretical part of the thesis succeeds to match the requirements of the empirical study.

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## Appendices

### Appendix 1: Interview questions

- a. Do you have a business background in your studies?
- b. How long have you worked in BR/ TOP-TOY?
- c. How long is your work experience from the commercial sector?
- d. How familiar are you with our products? (Answers are sorted to the alternatives below.)
  1. Product knowledge is very poor, difficult to help customers.
  2. Product knowledge poor, mainly basics.
  3. Satisfactory, strong basic knowledge of products.
  4. Fairly good, good knowledge of products categories and some knowledge on function of toys.
  5. Very good, able to assist customers in almost any situation. Good knowledge not only about products and categories but also background information of history and future releases of certain products and their detailed functions.
- e. Would you like to learn more about our products? Would you like to have more training and testing of toys?
- f. Has TOP-TOY given you any sales training? If yes, how helpful have you found it to be?
- g. In your own opinion how often do you do additional sales? (Answers are sorted to the alternatives below.)
  1. Never
  2. Very rarely, on a weekly basis
  3. Occasionally, few times during every shift
  4. Often, for most of the customers during my shift
  5. Very often, to almost all off the customers I interact with during my shift
- h. What does it feel like to do additional sales? (Is it easy, challenging, fun, awkward etc.?)
- i. Any suggestions what would help you to do more additional sales?
- j. How actively do you recruit club members? (Answers are sorted to the alternatives below.)
  1. I never do it.
  2. When I have the time for it or if the customer asks about it.
  3. I rarely do it, inquire about it from a few customers and recruit 1-3 during my shift.
  4. Often do it, ask almost every client and succeed to recruit the ones who get interested.
  5. Very often do it, ask everyone and persuade those who hesitate at first.
- k. Any suggestions what would help you to recruit more club members?
- l. Is it challenging to sell batteries to clients? How do you think you succeed in this? Do you ask every customer about batteries who buy battery powered toys?

m. What is your style of selling batteries? With what words do you ask the client about purchasing batteries?