



Making the most of packages

One of the many tricks of your trade is to make the best of manufacturer's time-limited packages and associated claim backs, but this is a complex task that needs to be supported by intelligently designed software.



Customers greatly appreciate packages as they perceive them, rightly, to be good value. As an effective way for you to sell more products, make extra margin and deliver better value to your customers, they are well worth getting to grips with in both your retail and online channels.

The first challenge is to decide, from the menu of products offered by the supplier, which you will combine into packages. With, for example, four TVs and six DVD players in the mix, you already have 24 permutations. Add a few home cinema products, or a trade-in option, and already the variables are looking unmanageable – and that's just for a single manufacturer. It is far simpler to choose one primary product, say a large-screen TV, and then offer bundles of secondary products such as a DVD player to create manageable numbers of packages.

To handle these, you should be able to create packages in your IT system and identify your physical stock levels based on the stock holding of each component. That way, there will be no distortion of stock balances as you are not creating new products in your database.

If you have more than one branch, you may want to offer some packages in one branch and not in others. Similarly, if you have an e-commerce website you can assign all or just some packages to web sales. Again, a

comprehensive IT system will handle these permutations with ease and enable you to obtain maximum flexibility and value from the package options.

You should also be able to assign to each package the amount you propose to discount off the sale of the combined products. Obviously, it doesn't end there. You will also want to apportion what percentage of the discount is assigned to the TV and how much to the DVD player, so your profitability records are not skewed.

Plus, you need to set the price that staff can discount to on each package without any management intervention - and decide what commission and incentives will be offered for staff to sell each package. How you apportion the price of each element in the package will, of course, affect how much commission you pay on the sale. As you have discounted each element in the package, you will not want to penalise the member of staff who sells it by reducing their commission. Customers will also thank you if you can calculate reduced delivery charges based on the package and not on the individual product lines.

Of course, you don't just have to rely on your suppliers to create packages: you have endless scope to create your own from different

manufacturers' products and sometimes the manufacturers will also support these with claim backs. Again, your IT system should be able to handle every permutation you devise.

On the web, assuming you have a single database IT system with fully integrated retail and online capabilities, whenever a customer clicks on a product line that is part of a package you can flag up the availability of the package. You can also flag up linked products such as high-margin accessories that accompany each element of the package. Without a website, these same opportunities for generating additional sales can still be offered at the point of sale, with your IT system prompting your staff when they process the sale.

Finally, your IT system should also facilitate efficient management of claim backs – automatically creating the claimback report and enabling you to manage the entire process up to the point of payment. It should also give you accurate profitability reports with and without the full claimback amounts, plus trend reports on historical package sales over a range of dates.

With flexible, powerful, IT you will be able to get maximum value from the packages and claimback system, however frequently the suppliers refresh their offers and regardless of which products you use to create each package.