



Measure conversion rates

Keep track of your business' sales conversion rates to identify areas that can be improved for greater profitability

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A. The importance of sales conversion rates

Lead generation is important in bringing people to your business, but attracting masses of potential customers doesn't help your business at all if you don't convert these into actual sales.

Your sales conversion rate measures the percentage of prospects that turn into purchasing customers; however, it's not enough just to know the overall sales conversion rate of your business. You may have a high overall sales conversion rate, but this doesn't help you identify ways to increase your sales conversion.

You see, increasing sales conversion doesn't just mean getting more people to buy – it also means getting people to buy MORE, thus also helping to increase your average sale value. There's more than one sales conversion rate in your business - different product and service lines also have their own conversion rates. Some lines may achieve a higher conversion than others. Knowing the sales conversion rates for the different offerings in your business allows you to identify the product lines that can be improved in terms of sales conversion. More importantly, it also helps you identify the ways that these conversion rates can be improved.

Generally speaking, increasing sales conversions merely requires a few changes in your sales process, and so is one of the areas of your business' profitability that you can have a more immediate impact on. Without having to spend large amounts of money on generating more leads, focusing on a strategy to increase your sales conversions is an inexpensive and easy way to boost your business' performance.

B. Conversion rates in your business

The truth is, there is a whole range of indicators within your business that you can measure to give a conversion rate, all designed to determine how effective your marketing and sales techniques are. For instance, you could measure the effectiveness of an ad or marketing campaign by using tools such as promotional codes, response cards, coupons, and online tracking devices to see how many people respond.

To track your conversion

There are a number of manual systems as shown in the:

1. Daily Leads Tracking;
2. Daily Sales Tracking;
3. Weekly Conversion Tracking; and
4. Monthly Conversion and Sales Tracking sheets.

The key is to track over time and to keep tracking as an average. Tracking over an elongated timeframe will help to:

- a) Remove time lag between initial enquiry and conversion; and
- b) Show seasonal conditions.



1. Daily Leads Tracking

Week Ending: / /

Method of Lead	Monday	Tuesday	Wednesday	Thursday	Friday	Total
Yellow Pages	≡≡≡ 	≡≡≡ ≡		≡≡≡ ≡≡≡	≡	54
Walk-In Traffic				≡		12
Radio	≡≡≡ ≡≡≡	≡≡≡ ≡	≡≡≡ 	≡≡		60
TV	-	-	-	-	-	-
Tele-Market	≡≡≡ ≡≡≡	≡≡≡ ≡≡	≡≡			44
Direct Mail	≡≡	≡≡	≡≡≡ ≡≡≡			32
Website			≡≡		≡	19
Direct Sales People						13
Referral			≡≡≡	≡≡	≡≡	28
Totals	66	61	59	45	28	262

2. Daily Sales Tracking

Week Ending: / /

Product Sold	Monday	Tuesday	Wednesday	Thursday	Friday	Total
Product A	≡	≡≡≡ ≡≡≡	≡	≡		37
Product B	≡	≡≡≡ 	≡≡≡	≡		33
Product C						11
Product D				≡		14
Product E	≡≡≡	≡≡≡	≡	≡		33
Product F						11
Product G	≡	≡≡≡ ≡				25
Product H	≡	≡		-		16
Totals	41	72	31	26	10	180



3. Weekly Conversion Tracking

Week Ending: / /

	Monday	Tuesday	Wednesday	Thursday	Friday	Total
Leads	66	61	59	45	28	259
Sales	41	72	31	26	10	180
Conversion Rate	62%	118%	53%	58%	36%	69.5%

4. Monthly Conversion & Sales Tracking

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Total
Leads	1280	1170	1940	1030	1430	1120	7970
Sales	610	720	820	780	580	650	4160
Conversion Rate	47.7%	61.6%	42.3%	75.7%	40.6%	58%	52.19%

Average Conversion over 6 months = 52.19%

What we're going to be focusing on here are your sales conversion rates – the ratio of prospects that turn into sales for specific product lines and services.

Specifically, these may include:

- a) Ratio of prospects that convert to sales of each product line and/or
- b) Ratio of customers that convert to returning customers

Knowing the sales conversion rate for each of your product lines and services will give you an indication of how well you're selling these. Once you know your sales conversions, you can identify and focus on the areas

that need improvement, and devise ways to boost the conversions in these areas while also increasing your average sale value. As a result, your sales processes will improve, as will your overall sales productivity.



12 steps to measure your sales conversion rates

1. Define and count your prospects
2. What is your definition of a prospect or lead? Is it a new potential customer who walks into your store/premises, calls or emails with an enquiry, or perhaps all of these combined? Determine what you consider to be a prospect – once you know this, you can start keeping count through a system or tally, and keep track over an allocated period of time



3. Break down and count your sales
4. Use your sales software to generate a sales report over the period of time that you've observed, and count how many sales you have made for each product and service category
5. Calculate your sales conversion rates
6. Your sales conversion rates are determined by dividing the number of sales that you made for each category, by your number of defined prospects. For example, imagine that you had 100 leads in a month, and 75 of these purchased a product/service. Your sales conversion rate for the product/service would be $75 / 100 \times 100 = 75\%$. On the other hand, perhaps only 35 of your leads purchased product (d) yielding a 35% conversion rate for product (d).
7. Compare your conversion rates
8. Take note of which products and services have produced a greater sales conversion rate, and which aren't selling so well. See if you can identify a pattern or a trend – perhaps the products that you're converting more customers to are ones that are easier to sell, while the products that you're converting less customers to are ones that you don't push as hard
9. Identify areas that can be improved
10. Look at the products and services that you aren't converting many customers to, and think about whether or not sales of these can be improved. Is it possible to get more customers to buy in these areas? You can often easily boost the sales of low-selling products if they complement those that you sell the most of, in an optical store for example, prescription sunglasses that complement spectacles
11. Perhaps there are also certain product lines that you know that you neglect, and don't push as hard. For example, you might push product (a) over product (b), when there's no reason to suggest that a customer may not be interested in purchasing both
12. Remember, if your low-conversion products offer you a higher profit margin than their higher-selling alternatives, then it's in your best interest to try and sell more of them

For ways to increase the sales conversions within your business, refer to the other online Strategy Guides.

What to do after you have implemented your sales conversion strategies

1. Keep measuring
2. It's important to keep track of the results of your new sales strategies, to see if they actually have been effective in increasing your sales conversion rates. Measure your conversion rates on a regular, continual basis, and keep utilising the strategies that you've used in areas that are improving.
3. Test out different strategies
4. If the conversion rates in a particular area aren't increasing after you've changed your sales technique, keep trying different sales techniques until you find one that works. You may also need to mix up your processes and techniques every so often so that customers aren't over-exposed to your sales presentation, and to keep your offerings fresh and exciting.
5. Systematise sales processes
6. It's important that the strategies you've come up with to increase your conversion rates are implemented consistently – this means that they need to be used every time the same situation arises. Come up with a system to ensure that you and your staff are doing the same thing/asking the same questions/offering the same products every time it's appropriate – perhaps you need to train staff so that they remember to offer product (a) with product (b) as part of their sales process, or to try to up-sell to another appropriate product/service.

