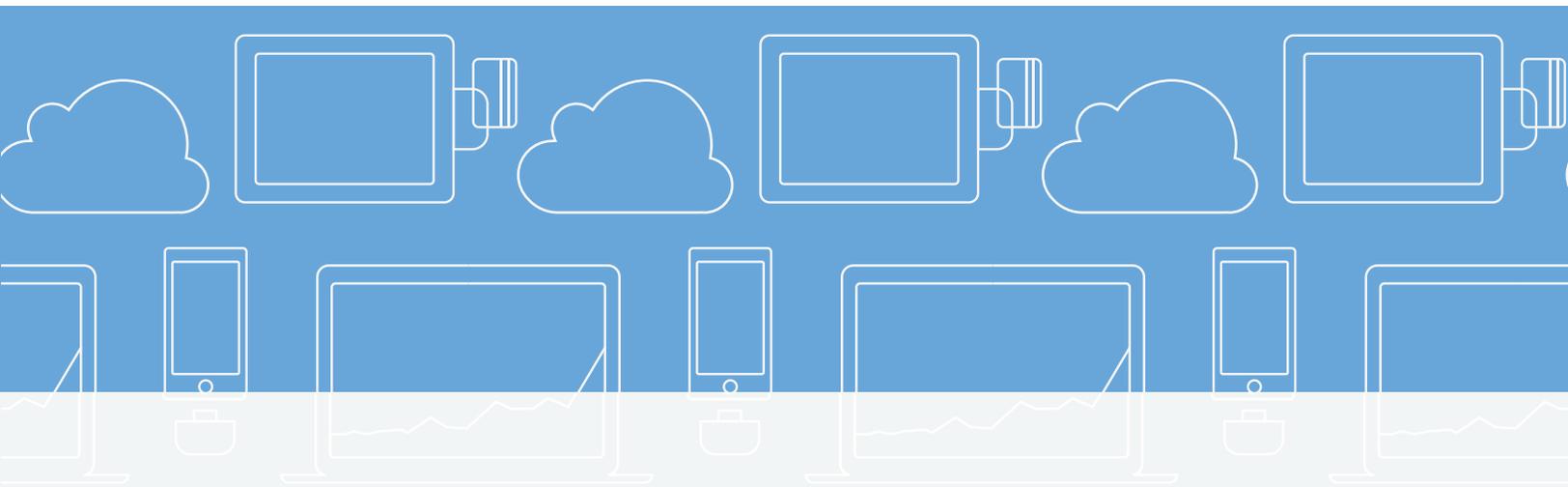# The POS Sales Agent's Survival Guide

HOW TO AVOID EXTINCTION BY MOVING YOUR
MERCHANTS TO SOFTWARE-BASED SOLUTIONS

instore

INTRODUCTION

The payment revolution has begun. The POS terminal market is predicted to top $113 billion by 2024 thanks to the widespread availability of wireless internet, tablets, and smartphones. Software-based POS, which includes benefits like gift card and incentive programs, real-time inventory, and customer tracking, represents the industry's fastest growth sector. That's why in our recent eBook, *The POS Sales Agent's Digital Manifesto*, we argued that retailers and POS agents who don't upgrade to software platforms risk falling dangerously behind the competition.

Let's be honest: if you're still offering simple payment processing, you're selling the POS equivalent of a flip-phone in a smart-phone world. Nostalgic? Sure. Cute? Maybe. But is it the device you'd rely on to excel professionally? No way.

Not to worry—here's our step-by-step guide to shore up your base and incorporate the same sticky features your competitors do.

STEP 1: IDENTIFY YOUR RISKS

Who is most susceptible to churn?

First, map out where you're most likely to lose business so you can prioritize which merchants to target and what to offer them. According to the consultancy Customer Champions, you can identify your merchants most susceptible to churn by answering the following questions:

Merchant feedback:

- Are they satisfied overall with your service?

- How would they rate the value they are able to offer their customers with you as supplier?

- How would they rate the value offered by your competitors?

- What is the likelihood that they would recommend you?

- Do they believe your performance will always improve?

instore

Merchant behavior:

- Do they renew contracts?

- Do they make multiple service purchases?

- Do they extend current contracts?

- Have they recommended you/referred you/been a case study for you?

- Are their current and projected levels of usage high—or has their spend exceeded your original assumptions?

Be honest about how each of your merchants views your service and rank them by churn potential. Once you've done this, you'll want to consider another key sales metric—profit per merchant.

Where do you earn the most money?

The old sales adage that 20 percent of your merchants produce 80 percent of your sales still rings true for many of us. That's why, as sales consultant Perry Marshall writes, it's important to resist the urge to treat all clients equally. Instead, focus on growing your most lucrative clients. Marshall's quick way to figure out who's in that elite 20 percent? Apply the RFM rule— which customers bought most *Recently*, bought more *Frequently*, and spent the most *Money*.

Once you've got this list, evaluate how you keep those merchants happy. Make sure you understand their pain points, their goals for their business, and their customer base. Show up in person and chat them up, take them to lunch, get to know them. You want them to like you so much they recommend you to other businesses and continue or even increase their commitment to your service. Marshall also advises that you don't forget about your "SIlent High-Volume Buyers"—the clients who provide nice residuals but otherwise don't bother you. And, of course, you ultimately want to provide such a compelling service that more of your merchant base moves into your elite category.

Leveraging "negative churn"

Once you've identified your golden clients, you'll want to expand their commitment to you by making the most of what consultant David Skok calls "negative churn". Negative churn means selling enough expansion, upsells, and cross-sells to your loyal merchants to more than make

instore

up for any attrition. To generate negative churn, you'll need to convince your merchants that they need the benefits and agility software-based POS provides. Start with:

Clients that could bundle their payment but haven't yet: Businesses that use a tablet-based solution like ShopKeep could easily add ShopKeep payment processing to their POS subscription. To avoid being boxed out, you can compliment your competitive processing with a POS solution like Instore that provides a host of advanced functionalities to rival anything ShopKeep or your competitors can offer. The challenge here is the potential stickiness of ShopKeep and other software-based solutions—the longer you wait to offer your own POS software to the merchant, the more entrenched your client will become with their competitive solution. It can be very hard to convince a merchant with an established routine, a deep customer database, and a successful incentives program to chuck all of it and start over on your system.

Clients that haven't added much beyond a processing solution, but could: Which leads us to this critical point. You have an opportunity here to proactively help them evolve from the old flip-phone way of processing payments to the iPhone equivalent. And you need to do this soon. If a client doesn't have a POS solution with a lot of sticky features, they will eventually be targeted by software-powered offerings on the market—such as Square. Square is the starter POS software solution—easy to use, simply priced, popular. If you don't offer your customers some additional benefits besides payment processing, you're likely to soon lose them to a simple and inexpensive alternative.

STEP 2: STARE DOWN SQUARE

Square helped create mPOS and remains a big player in a growing market, with more than two million merchant subscribers using the service to process some $50 billion in transactions last year alone.

What causes merchants to sign up with next-gen processors like Square?

Simplicity and transparency. That's what merchants want. Square picked up on that years ago when it rolled out easy-to-use payment processing, and now that it's public the company is staking its future on a one-stop-shop strategy that includes business loans under Square

instore

Capital; payroll, inventory, and customer management; and the new Square for Retail, which facilitates multi-location inventory management and analysis.

If your clients are considering a move to Square, show them the compelling competition. Introduce your clients to other modern POS solutions on the market—ones that also include you as a local resource. Show how you will handle customer support issues and make sure your client is making best use of the service (rather than them having to handle everything themselves). Also point out how other mPOS systems are offering the same services that the company has identified as desirable:

- Labor management

- Inventory tracking

- Rewards programs

- Customer databases

- Promotions and marketing

- Detailed reporting

Though Square is popular as a payment processor, it hasn't yet dominated the market as a comprehensive service. That means there's opportunity for you to present an alternative to clients seeking a comprehensive POS. To do this, you'll need to find a POS software solution that can work alongside your payment processor.

STEP 3: FIND A SOFTWARE PARTNER

As we detailed in the *POS Sales Agent's Digital Manifesto*, the market is shifting inexorably toward software-based POS because of the critical benefits it affords small businesses. According to Software Advice, three out of four POS buyers want functionalities like loyalty programs, inventory management, and sales analytics. These add-ons to the core payment processing service save your clients time and money, and keep them competitive.

⌂ instore

To survive, you'll need to get your merchants onto a system like Instore that works alongside your payment processing and gives them multiple reasons (besides price and service) to stick around. Instore offers everything a Square or similar competitor might, including:

- **Customer database:** Instore automatically links a customer's email to his credit card number, instantly creating a record that merchants can rely on to market more effectively.

- **Rewards program:** Instore features a comprehensive points-based loyalty program that is incredibly sticky. Once your merchants have implemented Instore Rewards, with its automatic point tallying and automatic discounts, it will be difficult for them to migrate it to another provider. They'll be incentivized to stick with you or risk a hassle for them and their customers.

- **Gift Card program:** Similar in stickiness to the Rewards program, Instore facilitates an easy-to-manage gift card program with customized plastic cards that can be swiped at your POS just like credit cards. Help your merchants take advantage of the popularity of gift cards and of customers' tendency to buy more than their face value when they cash them in. A merchant who uses your gift card software is going to want to stick with you or risk scrambling their existing cards.

- **Inventory management:** Your merchants can track what's in stock and what's running low on their Instore POS, and study cost and profitability of each item to guide sales promotions.

- **Labor management:** Instore provides an automatic time clock and links activity on the POS to particular employees so your merchants can track who's doing what. The labor management tool makes it easy for your customers to track labor as a percentage of sales so that they can staff properly and maximize profits.

- **Other functionalities key to staying competitive:** These include multi-location management, automated daily deals and coupons, and on-the-floor sales and customer service.

- **The future:** Instore's developers are constantly adding to our offerings to keep abreast of the market's rapidly shifting needs.

instore

All of the above functions are very sticky, meaning once your client has begun using them with your service, it's a pain for them to switch to a different provider. Switching often means losing customer data, scrambling gift cards, zeroing out a rewards program, and other inconveniences to your merchant and his customers. Similarly, if your customer migrates to another software POS, that service's stickiness will make it tough for you to lure them back. That's why it's important you act quickly to shore up your best clients with your own sticky, software-based POS.

CONCLUSION

To challenge your POS rivals, you must convert your merchant relationship from a transactional one to a value-added one. You'll need to offer them the kind of long-term services that the market demands—the ones that improve their interactions with their customers, make it easy for them to manage their day-to-day business, and keep up on the latest technology to make their workday easier.

Remember:

- Shore up your high-volume customers by offering services that rival competitors like Square, ShopKeep, etc.

- Identify which of your clients are most vulnerable to churn and focus on them first.

- Add software POS perks by partnering with a complementary POS solution like Instore.

- Encourage your clients to activate sticky features like gift card and loyalty programs that will be difficult to migrate to a competitor.

- To stay competitive into the future, make sure your POS software partner is constantly evolving to include the latest technology.

At the end of the day, success with small business POS means helping your merchants adopt software solutions. You'll give them more business value and you'll make it more difficult for them to leave you behind. After all, the sooner you can expand your offerings, the better positioned you will be to stand up to competition today and to pivot when the technology inevitably evolves tomorrow.

So say goodbye to that old-fashioned payment processing model and find a partner to help you flourish in this bold new world. Your longevity depends upon it.

⬦ instore

ABOUT INSTORE

Instore is a single, simple operating system for a retail business. Starting with point of sale, the Instore Pro platform includes labor management, customer rewards, CRM, marketing, gift cards, reporting, inventory and more. Merchants seeking an even simpler solution use Instore Terminal, which combines payments, gift cards, rewards and CRM for one low price. Merchants in a wide variety of industries save time and money managing operations on Instore while growing sales through integrated features that inspire repeat customer visits. We partner closely with payments companies and their agents to offer a compelling, integrated solution that merchants love. Instore was founded in 2009 and is based in San Francisco, CA.

instoredoes.com

Ready to join us in the software revolution? Get in touch with our team today for a conversation: success@instoredoes.com or call us at (855) 568-3696.

instore