

Average Transaction Value

What is ATV?

- Put simply it is the average measure of how much a customer spends with you.
- ATV is the total value of your sales divided by the number of transactions through your till(s).
- ATV is a measure of how well you are “selling” to your customers and is therefore influenced by your product offer, how well it is presented, how well your staff are up-selling other items and whether you are offering good value for money

As a retailer, you always need to be aware of what your ATV is. This is a very important part of running your shop, and knowing how to positively affect your ATV is one of your keys to success.

- Boosting your ATV is an ideal way of increasing the bottom line and overall success of your shop.
- Generally, the higher the ATV is, the more income your shop generated on each customer who made a purchase.

Who already does this well? Walk into any McDonalds and you order a meal you will always be asked a couple of questions “Do you want to go large with that?” or “do you want fries with that?” If even a small percentage of their 68 million customers said yes, this would add millions to their bottom line.

- It is a simple equation – the total turnover divided by the number of transactions that you made. You can look at it by day, by week, by month and by year. Try to look monthly at the very minimum.
- Your retail ATV is very important when evaluating the total success of your shop. Attracting customers is no easy feat, and it costs you effort to secure each customer’s business. If you can increase your ATV with each customer, you will end up with higher sales.

Here’s an example of the difference increasing your ATV can make, without getting more customers!

- Let’s say your average daily takings are £250 made up of 50 customers- that’s an average transaction of £5.
- If we can persuade them to add another 20% (or £1) because you have tried all the things listed below, that increases your daily takings to £300. Over a year that could increase your sales by £18,000- an extra £50 a day means that much.

Whatever your business there are plenty of ways you can begin to think about improving your ATV with your existing business. They already like you, they are already purchasing from you. The more you understand what they need, who your customer are, the better you can make sure that what you offer is easy for them to purchase.

Keep reading for some top tips to persuade those customers to spend just a bit more...

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Tip 1 – Bundle up your products

- Think about where you can offer extra value and still increase turnover. Postcards are a really good example. If you sell one postcard for 60p – try offering 3 for £1. Note this is a premium offer not a distressed markdown one.
- Create baskets: if you offer food, put a few different preserves together, or biscuits with jam – the list is endless.

Tip 2 – Add on sales or link sales

- Related products, shown together visually can really add to the ATV; think coaster with mug, or colouring pencils to colouring books. Make sure your visual merchandising tells stories so that add on sales look irresistible.
- Greetings cards – most of the products you sell are likely to be a gift, check with your customer that they have seen your card range.
- The exhibition guide and/or guide book.
- A lovely tote bag to carry home the products with.
- Always have a product that you can **upsell** at the till point. At the Hepworth Gallery in Yorkshire they have their “love spoon” at £5, by designer Alessi. Find one that is right for you, ensure your staff are confident with the product and then promote it!

Tip 3 – Food tasting

- Have confidence in your product, when you can manage food tasting you are guaranteed to sell more of the product you are offering.

Tip 4 – Review price points

- Introduce some higher value products. This strategic move is all about understanding the psychology behind a customer choice. It doesn't mean you need do this across all your categories, but certainly consider your best-selling ones. For example, if you have a mug at £5, consider introducing bone china at £10.

Tip 5 – Raise your prices

- Look carefully at your selling prices and look where you can move. There are generally always places where you can move some product and customers will not notice the difference. It's all about understanding key price points and the market. Experiment to find out where you move.

Tip 6 – Cross sales

- The jam or hone used in the café for example. Be like the Geffrye Museum in London. They started stocking the stylish teapot they use in the café – now it's a best seller in their shop – and at a price point of £25.

Tip 7 – Product knowledge

- Make sure your staff have the **best product knowledge** – create product experts, and make sure they know the best sellers.