

You don't succeed by
making it difficult to
buy from you



**ASSIGN
BUSTER**

I'm every pizza and streetfoodstand's worst nuisance: an obstinately cashless consumer. Against my parents' better judgment, I never carry cash. I use my Amex for everything and then pay it off at the end of every month to reap the cash back rewards and circumvent using an ATM. Business establishments that do not accommodate my payment choices forgo my business.

A recent visit to a new deli in my neighborhood and the ensuing aggravation of the experience (and educational takeaway from it) prompted this article. There was no "\$10 minimum purchase" sign at the counter where I placed my order. I first saw the dreaded \$10 minimum purchase sign at the register when my \$7.99 order was complete. Having no cash, I took out my credit card and was quickly told about the strictly enforced \$10 minimum credit card policy.

I was given two options: either be compelled to purchase something else that I didn't want or need to exceed \$10 or leave. After trying to explain to the cashier the concept of lifetime customer value, particularly for a new deli trying to gain market share in the saturated Chelsea food space, I eventually said, "no thank you" and walked out.

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Is upholding a polarizing policy worth losing the entire amount of this transaction, throwing away a perfectly good sandwich *and* the opportunity cost of all my future business?

As a business owner myself, I can empathize about the cost of doing business with credit cards. But, why exacerbate it by adding another barrier to completing a sale? When considering all the factors that preclude customers from merely even walking through the door, let alone having the attention p to remain in the store long enough to make a purchase, it is mind blowing that retailers would put yet another obstruction between themselves and their customers.

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Retailers are in the business of trying to please their customers and make purchase transactions as pleasant and smooth as possible. It's a small accommodation to take a credit card purchase for under \$10. I would rather make x% of \$10 as well as keeping a current customer or gaining a new customer, rather than alienating them over a mere 2-4% in transaction fees.

At ROYCE, we cannot overstate enough how seriously we take into consideration the principle of lifetime customer value. Yes, in the short-term view, it sucks to take a credit card on a \$10 luggage tag order, especially considering the free shipping and complimentary monogramming that accompanies it. But, regardless of being immersed in recessionary or inflationary times, the principle continues to persist. Who are we to anticipate how valuable or not that customer will prove to be? Perhaps they refer our services or leave a positive review, even if they themselves never purchase from us again.

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After all, a ROYCE leather good is not something of highly inelastic demand, as much as I would love to believe that it is. We are not price setters, we don't call the shots. There is no monopolistic leverage, nor we do we have any intellectually property or patent-worthy product. But, what we *do* have is a series of policies that are extremely customer-oriented because the way we see it, if we don't make it as easy as possible to earn our customers' potential business, we may just lose out.