

Striking Gold: Gathering and Using Customer Data

Jay Siff

If you are like most gift store retailers, you have many, many customers walking through your doors every day. Are you exploiting the incredible goldmine hidden in their names and email addresses? This information represents thousands, perhaps tens of thousands, of dollars in unrealized revenue each year. All you have to do to get this information is ask.

But that's the quandary, isn't it? How do you go about asking for such "personal" information from your customers? And what do you do with it once you get it?

To begin with, you must believe that there are only two valid business reasons for a store to gather data from its customers: one, to get them to come back (or come back more often); and two, to get them to increase the average money they spend on every transaction. For each of these, you must offer a strong enticement that takes the customer's own interest into consideration.

Make it painless

So how do you gather personal information? The best way is to make it painless: simple and quick. Place response cards near the cash register so customers can supply needed information quickly and privately as you ring up the sale. Don't request more than a first name and email address. That's all you need. Limiting the amount of information you ask for will encourage signups and you'll get more response cards filled out this way.

Make sure you and your staff always ask for this information during the checkout process. Instead of merely asking: "Do you want to be on our mailing list?" which is not an attractive enough enticement, be sure to tie it to an attractive offer or promise. "Would you like some email coupons for a future visit?" is a good

enticement. So is, “Would you like to receive a free gift certificate near your birthday?”

You’re probably thinking at this point, “But aren’t people wary of receiving junk email?” Today’s educated customer realizes that his or her personal data has value. By sharing it with you, they are making an investment in your store. Your reputation, in their eyes, depends on how well you make their investment pay off.

If a customer expresses reluctance to share information, be sure to stress your store’s strong privacy policy (it’s important to have one if you don’t). Educate the customer about what you’ll do (and not do) with the information gathered. You will send weekly coupons and other treats. You will not sell this information to others or exploit it for any other reasons.

The coupon’s in the email

It’s remarkable how many customers appreciate offers from the businesses they frequent. Gift stores have actually doubled their average sale per customer, just by offering a few dollars off a minimum purchase. These kinds of deals can work for you, too.

You’ll be surprised at how your loyal customers—and even your casual customers—will enjoy hearing from you, if you send them attractive offers. Last-minute holiday promotions, gift offers around birthdays and anniversaries, invitations to craft classes (paired with a coupon) and more, all have their appeal when you combine them with a sales-inducing deal.

Of course, some promotions require additional information about birthdays, personal hobbies, or interest in collectibles. Again, keep it simple. The less you ask for, the more customers will respond. For example, if you ask for the types of merchandise (e.g., candles, jewel boxes, etc.) a person is interested in, use check boxes. Limit

your write-ins to birthdays or anniversary dates. Once you have this additional info, you can leverage it using creative promotions.

Other considerations

As you grow your email marketing program, you'll find that success depends on a combination of many factors including content. As a rule, research shows the best days to send promotional email are Saturdays through Tuesdays; personal subject lines under 35 characters in length will also boost your "open" rates.

Frequency of email is just as important. Once every three to four weeks is best; more often and you'll become a nuisance, while less often will cause people to forget they ever signed up.

MailerMailer, an email list management company in Rockville, MD, reports that open rates for email from small retail establishments are in the 19-22% range—among the highest of all industries. "Click" rates—those emails that successfully prompt the recipient to print out a coupon or visit a Web site—hover around 6 percent. It's interesting to note that most people open their email within the first few hours, so even same-day offers are likely to generate a good response.

To further boost your response rate, take the time to create graphical gift certificates or birthday cards that you then paste into your email. Text-based messages are good but emails that catch the eye are far better.

Tracking is critical

Tracking is one of the most important ways to ensure your customer information is working hard for you. As you try different offers and promotions, keep track of the number of responses you get, and what kinds of add-on purchases are generated. Run the

same promotions on different days, or adjust the dollar amount of the coupon to see what works best. You can also do split runs, i.e., send one offer to half your list, and a slightly different offer to the other half, to gauge which is more effective.

If you have one, two, or even more offers that are working for you, don't be afraid to run them multiple times. Keep running them until the response on one or more starts to fall off. When it does, make whatever adjustments are needed to keep customers engaged.

More sophisticated retail operations may want to investigate other practices as well. Contact management software like ACT! and Goldmine allows you to cross-reference names against historic sales records, to see which customers are likely to respond to a specific promotion. Manufacturers of specific product lines or collectibles (e.g., Hummel figurines) may also work with you on a limited-availability promotion.

Finally, you can consider an email service to increase your effectiveness. Professional emailers have proprietary systems designed specifically to deliver legitimate commercial email. By minimizing the effect of firewalls and spam filters, such firms can double the open rates for your offers.

Return on investment

Remember, the data you receive from customers is an investment on their part. It's a matter of trust. Don't abuse the data; don't bury your customers with trivial offers. Do try to target your customer's interests. If you treat your email list as the gold that it is, and invest in it well, both you *and* your customer will experience excellent returns.

Jay Siff is CEO of Moving Targets, a Perkasie, PA-based provider of new resident direct marketing programs. The company's strategic business partner, Loyal Rewards, helps retailers expand

their customer base and encourage repeat visits through its unique, email-based business marketing system. Moving Targets and Loyal Rewards have served over 20,000 merchants nationwide. Siff can be reached by emailing him jay@movingtargets.com. For more information, please visit movingtargets.com and loyalrewards.com.

Sidebar 1

A Twofer: Happy Customers and Strong Sales!

It's called the "norm of reciprocity." This powerful social phenomenon states that when a person receives an unexpected personal gift or favor, he or she is often compelled to give something in return.

Use this to great advantage in your email offers. Invite female customers to your store and present them with a no-strings-attached giveaway, such as a half dozen long-stemmed, free roses on their birthday. You'll be amazed, when they come in to receive the free gift, how many will buy items at least as valuable as the cost of those roses.

You'll have generated a ton of goodwill for your store—and boosted your sales at the same time—a smart and winning twofer!