

Leveraging the Power of Sales Promotion

By Jay Siff

It's looking like another challenging year for oil change specialists. Gas prices, while lower in recent months, are on their way back up, dampening people's driving and lengthening oil change intervals. More consumers are predicting less need for automotive maintenance in the coming year, according to industry research. And competition from car dealers and repair shops is up.

It would be easy to batten the hatches and simply hope for the best. But there's no reason why your business can't have a better-than-average year—even great one—if you try some creative promotional ideas.

In any retail business, there are only three ways to build sales: one, increase your customer base; two, increase customer frequency (visits per month or year); and three, increase average revenue per customer visit. Promotions can be used to achieve any of these goals, or all of them. And it's not as difficult as you think to run a successful promotion. You just need to have the right inspiration—and a dose of marketing know-how.

With that in mind, here are some promotional tips that will help overcome today's difficult environment:

1. TAKE YOUR CUSTOMER'S POINT OF VIEW. This advice rises to the top of the list because it's one of the most fundamental, yet most often violated, disciplines of all.

How many times have you seen retail businesses touting “Under New Management”? Who is supposed to be impressed—the customer? All it does is make people think about how bad the place was under the old regime.

When you promote your business, whether in mailers, coupons or other offer, lead with what's in it for your customer—not for you. Don't say, “Buy one, get one free”; instead say, “Get one free with every purchase.” People deal in their own self interest. Make sure your offers reflect that fact.

2. MARKET TO YOUR CURRENT CUSTOMERS. Every day scores of people enter your establishment who have already made the decision to buy from you. These are pre-sold, interested customers. Allowing them to exit without gathering the personal information—especially a street or email address—necessary to create and maintain an ongoing relationship is a big mistake.

Gathering the info is actually very easy. All you need is an incentive. It might be a drawing for a free oil change for those who drop their business card in a fishbowl. Or say, “Would you like to have a free gift certificate emailed to you from time to time?”

Once you've built up your mailing list, you can issue any number of powerful promotions to encourage repeat visits or higher sales totals. Your goal is to make these past customers think of you first when their next routine service need comes along. Give them a good reason, and they'll come back again and again.

3. **TARGET NEW RESIDENTS.** One of the most overlooked sources of new customers are those individuals, couples, or families who are new to your area. The U.S. Census Bureau says that 46% of all Americans moved between 1995 and 2000. A 2005 survey found that 63% of new movers were forced to make changes in their daily routine after they moved. That's a lot of people looking for a new place to get their oil changed.

While "community welcome" services that connect businesses to new residents have existed for years, it's easy to get lost in their hodge-podge of offers. You, on the other hand, can engage in a practice that will take you right to the top of the heap—a personalized letter that contains a tried-and-true, can't-miss gift certificate. Which leads us to Tip #4:

4. **GIVE AWAY YOUR PRODUCT.** We're not talking about sampling, or a "two for one" come-on. No, this is about giving away the store. The whole enchilada, if you will. No strings attached. A free oil change, air filter, wiper blades or other freebie.

This isn't crazy. It's out-of-the-box, loyalty building, aggressively shrewd marketing. Consider the lifetime value of an oil change customer, i.e., the amount of net profit your shop can expect from an average customer, based on current turnover rates. Typically that figure can run into the hundreds or even thousands of dollars. Isn't such profit worth a free oil change at a net cost of \$15?

While this tactic is great for getting new residents in the door, it's even more effective for rewarding steady customers, especially if it comes unannounced. Is there any better way to delight a customer? You want to bet he or she is going to tell ten other people about the unexpected gift they received from your business?

5. **DON'T BE THE COUPON KING.** Despite all this talk of giveaways and certificates, a word to the wise: sampling, gifting and couponing all work well to promote product trial and increase loyalty—but don't overdo it. If you do, your customers will simply become hooked on deals and wait for the next one to come along. In the meantime your sales and profit opportunities suffer.

Likewise, coupon packs like Valpak and Money Mailer lump you in with scores of other coupons, which only dilutes the uniqueness of any promotion you offer. Better to come up with a fresh, original idea, then deliver it to current and potential customers in a such way that it solves your strategic business needs.

If you need to expand your customer base, encourage your senior citizen customers to refer you to their friends with a 25% off deal, good for both parties. To increase visit frequency, create a "Car Care Club" featuring a discount on every fourth oil change made

within a 12-month period. Those are the kinds of promotions that will add significantly to your bottom line.

6. TAKE ADVANTAGE OF CO-OP. If your business is affiliated with a major oil company, include the company's logo or other approved graphics in your promotional materials. Following the company's guidelines can significantly lower your cost by qualifying it for national co-op funds.

7. TRACK EVERY PROMOTION YOU RUN. Unlike big companies with multi-million-dollar promotional budgets, your marketing dollars *must* provide a direct return on investment. And you can't manage what you can't measure!

Whenever you run a promotion, collect the coupons or certificates. Track where the coupon came from, including zip codes for mailed coupons and the newspaper or magazine in the case of ad-based coupons. It's the only way to know which programs are making you money—and which aren't.

If a promotion is working, keep doing it. Too many retailers make changes too quickly. It's ok to *add* to an effective campaign, but don't stop a profitable effort until it's no longer generating results.

Finally, guard against attractive promotional pieces that don't sell. Good design alone is never enough. Remember that a quick, handwritten note can easily outperform a slickly produced mailer. As a small business, you have to base your decisions on what will generate a solid return. Demand results from every promotional effort you undertake, and you'll find your money well spent.

About the Author

JAY SIFF is CEO of Loyal Rewards (www.loyalrewards.com), a Perkasie, Pennsylvania-based company that helps retailers expand their customer base and encourage repeat visits through its unique, email-based business marketing system. The company's strategic business partner, Moving Targets (www.movingtargets.com), is a provider of new resident direct marketing programs. Loyal Rewards and Moving Targets have served over 20,000 merchants nationwide. Jay can be reached at 800-926-2451 or jay@movingtargets.com.

###