

Email: It Always Delivers

How small businesses are using email-based direct marketing to build repeat customers

by Jay Siff

The weekend of December 10, 2005 could have been a terrible one for business at The Village Tavern...but it wasn't.

North Wales, the suburb 25 miles north of Philadelphia where this cozy bistro is located, had suffered through nine inches of snow the prior week. More snow was forecast for the weekend and John Modestine, co-owner of The Village Tavern along with his wife Theresa, decided it was time to take action.

“We emailed a ‘Snow Day’ certificate to our customer list, good that weekend only for a free entrée with purchase of a second at regular price,” said Modestine. “The email went out on Friday and by that evening, guests were already showing up with certificates in hand. Twenty-six parties in all redeemed their coupons, totaling over \$1,000 in extra sales. It turned our whole weekend around.”

Ten years ago this kind of success story wouldn't have been possible. But the advent of the Internet—coupled with a healthy dose of marketing savvy—has given small businesses a power to build sales they could have only dreamed about in the past.

Direct marketing, of course, has been around since Benjamin Franklin was postmaster general. But the Internet has given direct marketing a whole new spin. Now, merchants and other local businesses can leverage the lightning speed and ultra-low cost of email to reward their loyal customers with promotional offers that add sales and encourage repeat visits.

You're probably thinking, “But people resent receiving junk email,” right? Actually, you'd be pleasantly surprised to find just how much customers appreciate offers from the businesses they frequent. Al Robson, owner of a Nancy's Pizza franchise outside Chicago, says people highly value the coupons he sends out regularly.

“I have 550 customers on my mailing list, and we have one offer active all the time,” he notes. “Every other Tuesday around 10 AM, people can expect an email from us. It's gotten to the point now that if my customers don't receive their coupon, I hear about it. ‘I was waiting for it!’ they'll tell me.”

The other stumbling block many business owners have about promotions is the fear that their clientele will get hooked on coupons or certificates. A fair enough concern. But if used strategically, offers won't reduce your profit—they'll increase sales per visit, as well as increase the frequency with which people visit your establishment.

Nancy Satterlee, owner of Lifestyles: The Gallery, a diversified art, gifts, housewares and furniture store in Valparaiso, Indiana, has used email coupons to significantly increase

her average sale. “Before we began couponing, people spent roughly \$12 per visit at our store. Our goal was to double that total, so we issued coupons good for \$7 off any sale of \$25 or more. The result was that our average sale jumped to \$45—people came in with their coupon, but spent far more than the minimum,” she states.

Truth is, if people don’t have a specific reason to come see you, they won’t. Sometimes they already have their own reason—a night away from the stove, for example, or the need to buy a candle or bracelet for a birthday gift. But why not give them a reason they weren’t expecting...and one they are thankful to receive?

Perhaps now you’re beginning to see the rationale for using email to strengthen your business. If so, there’s only one way to begin: by gathering the email addresses of people who enter your establishment. Most merchants don’t realize the incredible value to be found right under their noses, in the names and addresses of people who already spend money in their store. That information represents thousands of dollars in new revenue. And all you have to do to get it, is ask.

At The Village Tavern, Modestine places attractive cards at each dining table touting free gift certificates to patrons who fill out a personal information form. Servers are paid a bonus of 50¢ for each card they collect from their customers. At Lifestyles: The Gallery, cashiers ask each customer at checkout, “Would you like some email coupons for a future visit?”

Once someone fills out your form, quickly respond with a certificate or other offer. That way you’ll demonstrate your commitment to following through on your initial promise. After that, continue to reward them with valuable deals that also achieve your marketing goals.

Most businesses find that simple schemes work best. “My most productive offer is \$5 off a check of \$40. I consistently get a 7% to 8% return rate on that deal, and it keeps my good customers coming back,” says Modestine. “Sometimes I’ll tie it to a special event such as the Notre Dame/Penn State game, or the opening of our patio for the summer. Once we did a ‘Halfway to St. Patrick’s Day’ theme. But the deal is always the same.”

Offers should be simple, but a dose of creativity always helps. At Nancy’s Pizza, store owner Robson marked the 2006 income tax filing deadline with a coupon good for 20.06% off every order. “We find people appreciate a bit of humor. For Cinco de Mayo, we had a special on our taco pizza. A gimmick helps bring in the business,” he observes.

Retailers can also do one-off specials that add a personal touch, like emailing a \$15-off gift certificate for a person’s birthday. What businesses shouldn’t do, however, is compromise the customer’s trust. “One of the most common questions I get when I ask people for their email address is whether their name will be sold on a mailing list,” Satterlee says. “I assure them it won’t—and eight out of ten people respond by giving me their address.”

Most of all, it's important to be open-minded about the potential of email to transform your business. "I used to think, 'We don't do that kind of stuff here,'" reports Modestine, a 30-year veteran of the restaurant industry. "But I've found that email generates traffic better than anything we've tried in the past." Whether it's a snow storm or a simple desire to spice up a slow month, email direct marketing is a tool you can bank on.

About the Author

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