

Six Guidelines For Effective Couponing

I know I always preach against constant discounting (emphasis on "constant") but sometimes you have to discount to become successful in a market when you're number 2 or more.

The leader in a retail market does not need to discount to get new business, but should use gifts and rewards to build customer loyalty.

So let's assume you're competing in a new area and you're way down there on the totem pole. One of the most effective ways to get new business is to use coupons.

However, like I mentioned to one of my loyal subscribers this week, coupons are for "pizza" (fast food), retail gift certificates are for upscale, classy retailers who need to boost their image, while offering some incentive to do business with you.

So whatever you call it, here are six guidelines you should follow:

1. Get their attention.

Whether a gift certificate or coupon tell them "Valuable Coupon Inside" or This Coupon Is Worth \$100.

2. You must give away something valuable.

Make your offer on something specific in your store. 50 cents off a bottle of milk.

Actual money amounts work better than percentages when you can offer it on one item or service with the same price. e.g. If you offer shoes and accessories, offer \$25 off any pair of shoes. Excluding accessories. That's much better than 15% off anything in the store.

I once had a client who tested giving away 2 soap balls with any purchase versus a chance to win a \$100 gift certificate. The results were split. People actually were interested in 2 soap balls because they were

free.

3. Must be related to your business.

The first sale is the most difficult. Once they've made the first purchase they'll move up the loyalty ladder. So to make that first sale, you need to give away something related to your business. Don't be like the banks who give away toasters. Banks should give away money.

4. Must be a specific product. Just like in all your copy, specifics sell. A major grocery store chain sends out a coupon booklet. Each coupon is good for cents off a particular food item. The last coupon in the book is good for \$1 off any purchase of \$5.00 or more. The last coupon pulls the LEAST amount of business. Go figure!

5. Must be the right time of the year. You wouldn't offer Christmas items on sale in December would you? During your busiest season? Or back to school specials in August? That would change the image of your store to a discount store. Positioning is very important here. Differentiate between prospecting and customers and treat each one differently. That's why Christmas in July specials are so successful. They get attention, generate interest and sell ahead of the busy season.

6. Use the law of scarcity. Put a time limit on your coupon. Otherwise it will just be put aside and forgotten. Also be specific. Is this good with other offers? Can I use it every day of the week? Can I use two at once.

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