

EXECUTIVE SUMMARY: PROMOTIONS

Promotions stimulate activity. They give people an incentive to try your services or products and they set your company's products or services apart from the competition. Your promotion should be so exciting, worthwhile and enticing that potential customers feel compelled to take immediate action.

Why have promotions?

It might be a time of year when traditionally your sales dip. Maybe you have an over-supply of stock. Perhaps you want to counteract someone else's promotion. Or the competition is hotting up so much that you need your products or services to stand out. You might want to acquire new leads and customers.

Many business owners consider promotions to be gimmicky or risky and believe they are only appropriate for supermarkets. Those business owners are missing a massive opportunity for business growth. Remember, airlines do promotions. No-one says British Airways is 'tacky' because it does a 'two for one' promotion. Harrods, the department store, does promotions and Harrods is certainly not tacky.

What you must consider before a promotional giveaway

Giving a product or service away - free of charge - is a very fast way of generating business but if you don't have any other products or services to sell to those customers, you've just generated costs for your company that you might never recover. You must have a back-end product to sell to those 'free sample' customers to recover the huge cost of providing those enticements in the first place.

Having the infrastructure to support the promotion is vital. It has to stack up financially and it has to be logistically manageable. That doesn't mean you have to suddenly employ 20 extra staff in your office: you can manage a large-scale promotion even if you're a one-person business.

It takes courage to do a promotional campaign and you will need to calculate your risk. You will have to ask, "If we do this - is anyone going to pay us? If they do pay us - are we going to have enough money to keep going?"

Types of promotions

Price promotions are the most obvious type of campaigns and three of the most popular are:

'Two for One'

You get two of whatever it is for the price of one - so you get two car washes for the price of one, for example.

'Buy one, get one free'

Buy one product and receive the other product free of charge.

'Half Price'

If you buy a product, you only have to pay half the normal price.

Out of the three, the most successful is the 'Buy one, get one free' - and that proves that people don't necessarily buy on price. They would rather have something of additional value than something half price.

With a 'buy one, get one free' promotion, you're not cutting the price; you're actually giving something additional away. Price cutting maybe the first promotion you consider but be careful because it can devalue your customers' perception of your product or service.

Other Promotions To Consider

You could do promotions where you leave the price as it is but change the method by which people pay. For example, if you have always demanded payment up-front, offer a staggered payment plan. If you have only ever accepted cheques, accept credit cards as well. You can time delineate that and say, "For the next two weeks, any new customer can spread the payments over the next six months - interest free."

'Try before you buy' is a great way of allowing people to sample what you do. It's very reassuring. Allow people to experience it and then say, "If you like what you experience, you pay. If you don't like what you experience, then you don't pay." It's as simple as that.

Competitions and surveys are very effective promotional techniques too. Combining and packaging things together make a great promotion. It's about building value. This is the key to a successful promotion - creating an irresistible offer. This is the goal - creating something that someone would have to be stupid to walk away from.

You can partner with other companies so you run promotions for each other. You can combine the joint venture with a promotion - and that's very, very powerful too.

The Refer-A-Friend type of promotion is often considered boring but if it is done properly, it can really boost the growth of your customer base.

When you promote something as 'new', 'first time in the UK' or that has 'never been seen before', you create an element of excitement, buzz and mystery which is very important. It also stimulates the word-of-mouth advertising, which brings enquiries into your database.

All of these things are intrinsically linked. If you can do all of these things and get them working together - you don't have to have a particularly clever plan to get them working together, just do them and watch them all sort of start to integrate - then you will find that your business will grow and grow and grow. It will happen so much quicker than if you simply allowed things to happen.

Why You Need To Explain To Your Customers

You must provide your customers with an explanation about why you are doing the promotion.

Giving a reason 'why' helps customers to see that the company can slash prices and still operate. You have to say: "The reason why we can drop the price here is because ..." It doesn't have to be a complicated reason. It can be: "It's my birthday and I thought I'd send an extremely special, fun, birthday offer."

It builds that trusting relationship within your loyal customer group because they feel included. They know why you're doing the promotion.

The Key To A Successful Promotion

You must add a time limit to your promotional offer if you want it to really succeed. Tell people what they need to do and how little time they have left to do it.

Conclusion

Creating a powerful, compelling and absolutely irresistible promotion is the key to differentiating yourself in a market - however crowded it may be - and if you can do that, then you have something unique ... your business success is completely assured.