

The Coupon Caper

By Pat Swartley

Coupons and coupon offers have been around a long time and they are a very successful marketing tool for the retail and service industries. So why not resale shops? Yet, whenever I mention coupons the most common comment is, "Sounds wonderful, but I can't afford it." We will talk about the math of coupons later, but first let's explore the possibilities of how coupons can help you increase sales.

Who is your target market? Loyal customers, who will be thrilled to have another reason to come in to shop, and brand new, never been in your store customers. Both customers are vital to your success.

What is the best offer? A free offer is best. Forget those 20% off any purchase of \$50 or more, or similar offers. Too many restrictions or limitations kill the effectiveness of the offer. My best coupon response has been with a simple \$5 off any purchase with no restrictions, period. Oh yes, the really dedicated coupon lover will search the store for a purchase as close to \$5 as possible. BUT, in their search they will look your store over and they will be back. The next coupon user may spend \$100 and then whip out the \$5 coupon. If your store sells furniture or high-end merchandise, perhaps a free offer of \$10 off will work better for drawing customers.

Best way to offer coupons? Through in-store and out-of-store advertising. How about offering a new consignor a coupon to be used any time? Offer a coupon to the consignor whose clothes you turned down so they don't feel their trip was wasted. Offer coupons at the sales counter to encourage the shopper to come back. Store bucks (one given for each \$25 spent, for example) is a good "cash back" incentive. Give a couple of bucks to the first time customer who didn't buy anything to encourage a return visit. Mail a few "bucks" with consignor checks. Give loyal customers coupon certificates to give to friends or family members who have never shopped with you. When the coupon is redeemed, send a coupon to the loyal customer who made the referral. Out-of-store coupon advertising works well in coupon books that are mailed to homes in your area. Newspaper coupons tend to be less effective. Avoid offering coupons after Thanksgiving or at the beginning of the summer. Offer coupons in your own direct mail-out's or on your Web site. Pass them out at networking meetings.

How do I know if the coupon was effective? Keep track by writing the amount of the sale on the redeemed coupon. Keep a separate envelope for each coupon offer. Add up the total in sales generated by each coupon and drop those offers that generate little revenue.

Should I put an expiration date on the coupon? That depends on the reason for the coupon offer. Remember, limiting the use of the coupon will decrease its possible use.

How do I handle coupons at the register? Ring up all items, subtotal, subtract the coupon, then add tax. Coupons are subtracted from the gross sales total for the day. Individual tickets are not marked down.

Am I losing money with each coupon used? Maybe, but consider how much income the coupon generated that you might not have had? How many new customers did it bring you? How many happy loyal customers shopped more often?

Last but not least—notice how much your customers appreciate getting a coupon. There is an army of dedicated coupon clippers out there. Lure them into your shop!

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