

# SETTING SALES FOR *Greater Profits*

By Phil Sasso



**Discounts and promotional events can attract more customers without costing a lot.**

**S**INCE I WORK in marketing, it's hard for me to begrudge a good marketer for a job well done — even when it has a direct impact on my personal finances, as it did recently.

"I ordered a new shirt online for you today," Beth announced over dinner one night. "I think you'll like it."

"Hmm..." was all I could say. My mouth was full.

"They had this great end-of-season sale," she continued. "Everything online was 40 percent off outlet prices. Isn't that great?"

Now I know Beth pretty well. She's very generous. But most likely, she was telling me what she got me to soften the blow before she told me what she bought herself.

I took a drink and tried to avoid sounding sarcastic.

"I hope you got something for yourself, too," I said.

She smiled and nodded. She took another bite of pizza and sat quietly.

"And that was...?"

"Just a pair of shoes," she said and smiled. She's so good at disarming me.

"Another pair of shoes?!" I blurted out.

"Who was that leader of the Philippines back in the 1980s with all the shoes? Marcos?"

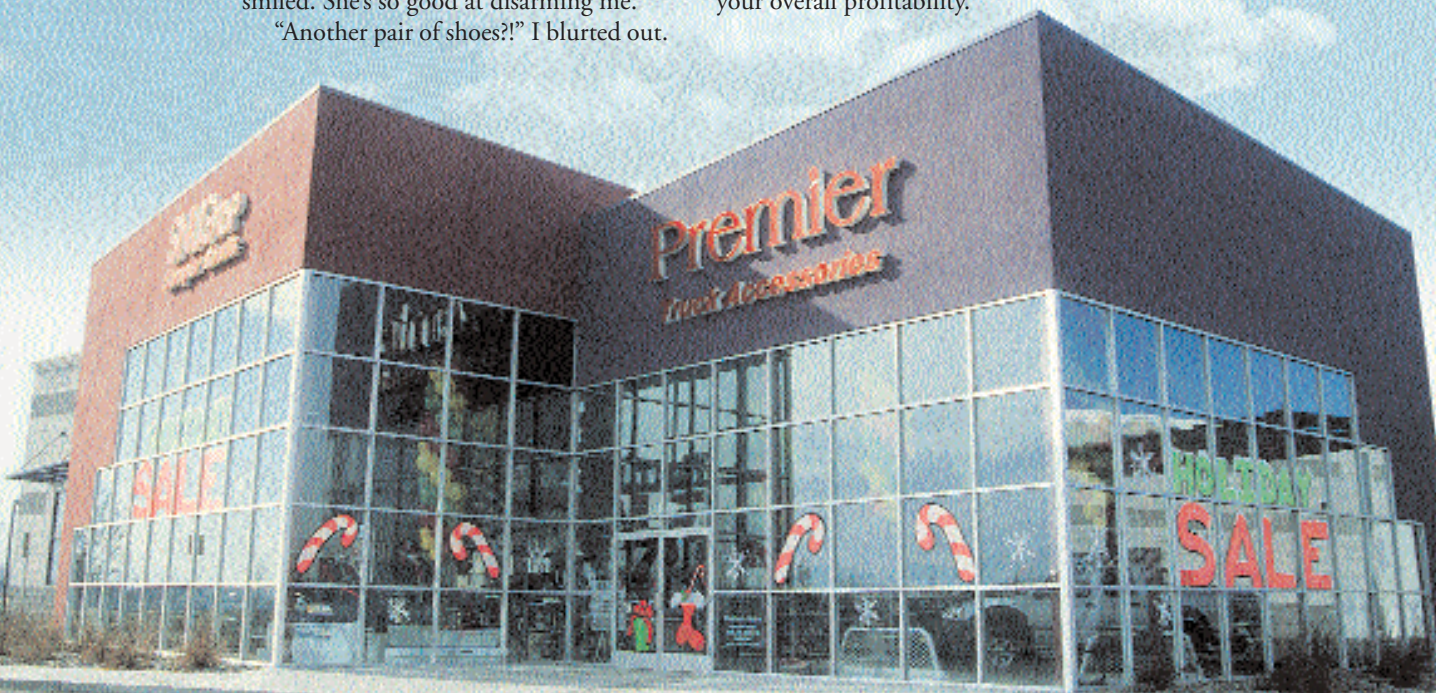
"Phil, calm down. They were *on sale*. Remember?" she reminded me.

*Sale*. That word ranks with *free* and *new* as the most powerful words in a marketer's arsenal. Use all three words in one sentence and you have a knockout marketing weapon. And a sale can help you grow your restyling business, too.

## **No Heavy Discounts**

I'm not suggesting you give away the store with heavy discounting. A better phrase to describe what I'm suggesting is a *promotional event* — a calculated marketing tactic intended to bump up slow periods and maximize your peak-season receipts. It all starts with knowing your sales history.

Create a bar graph of your monthly sales over a two or three-year period and you'll likely find a cyclical pattern of highs and lows. Plotting and studying these peaks and valleys can be the key to increasing your overall profitability.



The word "sale" can be a powerful tool in a shop's marketing arsenal. You can use sales to increase the visibility of your shop and increase traffic during historically slow times of the year without hurting your bottom line.

The peaks are likely *Restyling Season*, possibly spring months when your customers are outside more and spending more time on and in their vehicles. It's also when your customers have more of what marketers call *discretionary income* — that's cash to play with.

On the flip side, the valleys you see are probably colder weather months and/or times when customers tend to have less money for themselves — like the holidays. We could call this *Cocooning Season*.

But no matter when they come each year on the calendar, the key is to use non-discount promotions during *Restyling Season* when demand is high, and use discounts or sales during *Cocooning Season* to create demand when profits are historically low.

There are many different kinds of promotional events. Here are three I think are most appropriate for tuner and restyling shops:

**Discount Sale.** I don't like price-cutting as a marketing strategy. It can mean giving away a big chunk of your profits when you could easily make a sale without it. Avoid discounting during peak season — unless you're passing on a discount a supplier is giving you. And you don't need to put everything on sale. Try to focus on items that will draw the most traffic.

Overusing discounts can also lead to what I call the *Pizza Coupon Syndrome*, where customers expect a discount. Allow me to explain:

I live in a heavily Italian-American area of Chicago, which I humbly believe is home to the best pizza in America. I don't think I've ever had a bad local pizza. So most folks just look at who has the best coupon when ordering pizza delivery. You can't run a pizzeria in our neighborhood without giving away hundreds of dollars in discounts every week.

That's why I suggest only rarely using discounts — like when you need to move old inventory or clear out seasonal items so you have room for the new stuff. When sales are seasonally the lowest, I suggest discounting as a way to drum-up business.

Ask your best customers to bring their vehicles for a car show to add excitement to a promotional kick-off.



Shops that have T-shirts and other items imprinted with their logo can use them as specialty giveaways and customer rewards.

Otherwise, the following two techniques can increase not just sales, but profitability.

**Incentive Event.** This kind of sale doesn't involve lowering your prices. You don't give away profits, but you give away an item or service of value to your customers. The purpose is to reward customers who spend more with you. This can both increase the number of sales and the dollar amount per transaction.

Here's an example. My wife loves Kohl's department store. A few times a year they have an incentive sale. It works like this: spend \$50 at Kohl's and you get \$10 gift card. It's worth \$10 to you, but the cost is much less for Kohl's. There's a catch, too — you have to use the gift card within the next week, but you can't use it today. Most likely, you'll either forget to use the card, or end up spending more than \$10 on your next visit. But it still gets people to bump up their purchases to \$50.

You can use the same technique. Set the amount you want customers to spend. Say the goal is \$150. Then you promise customers a product or service with a high perceived value [but a much lower cost] to

you if they reach the \$150 mark.

You could base your incentive on a single day's sales, or better yet, make it a month-long program. If you do a longer event, consider a punch card or some system to keep track of dollar amounts spent. The benefit of a longer program is you can set a higher goal.

One last idea — offer a special imprinted item as an incentive. Items like a T-shirt, travel mug or keychain with your logo on it are nice premiums. This serves double-duty by promoting your shop while rewarding the customer for doing business with you.

**Promotional Kick-Off.** This type of event isn't based on lowering your prices or giving away rewards. It's based on creating excitement about your products, like introducing a new line or kicking off the peak spring season.

A promotional kick-off could be a day-long event or a full week's activities. Perhaps you could ask reps from your suppliers to do demonstrations. Or you could ask your best customers to bring in their vehicles for a car show, and let them brag about

*continued*

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# Restyling

you to newer customers. Or you could get a celebrity to do a talk or give autographs. The things you can do are only as limited as your imagination.

If you're holding a peak-season promotion, I suggest you do it a few weeks before your sales historically reach their highest point. That way you can preempt the competition. It's better that your customer sees the new line of spoilers at your shop than at the shop down the street. And even if you don't make the sale today, you'll have planted a desire that will grow in his mind during the rest of the season.

Although not as important in our industry, it's worth noting that promotions can also be used to boost sales on a traditionally slow day, time or both. For instance, offer special perks to customers who come in on Monday with a *Monday Madness Event*, or who come in Saturday before 10:30 a.m. with a *Red Eye Special*.

### Advertise Your Promotion

It's important to get the word out far enough ahead to build traffic. Here are some ideas to create a buzz:

*Mailing to Existing Customers.* Mailing a postcard to current customers is an inexpensive way to get the word out. If you want to make the event even more exciting, consider having an invitation-only kick-off.

Invite customers to a special *opening*. Give them first dibs on the best offers. Let them bring one or two friends. And offer something exclusive like a free gift or the chance to be in a drawing for products — generously donated by your vendors. People love to get VIP treatment.

*Signs on Your Building.* If you're in a well-trafficked area, consider outdoor banners or signs announcing your promotion. I'd invest in banners on a strong weight of vinyl with wind vents that you can store away and use again next year.

That's one of the great things about using annual promotions — the first time can be a lot of work, but each successive time the process is easier and less expensive. [Just be sure you don't put any dates on your signs that might make them unusable next year.]

On the days of your sale, do what you can to get your shop noticed. Hang flags or pennants, get someone in a costume to stand on the sidewalk, or rent a big balloon

to draw attention. Whatever you do, be sure you contact your city or village and check out local ordinances.

*Print/Broadcast/Outdoor Advertising.* Find out what your customers read, listen to or watch. Then see what it costs to advertise there.

Many of your customers will look at local car publications, even if they aren't currently in the market for a new car, so they might be a good place to consider putting an ad. One of my clients successfully used slick radio spots to get customers out to a summer diesel truck modification promotional event. Also, don't forget to mention your promotion in your existing advertising.

*Cross-Promotion.* Consider building a

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relationship with non-competing related businesses — like parts stores or gas stations, or non-related businesses that serve the same clients — like restaurants or bars. Ask them to put up a poster or hand out flyers announcing your promotion. Offer to return the favor by handing out flyers or coupons for them.

And don't forget to put posters and flyers in your own store a few weeks before your promotion. Your current customers are your best prospects for an upcoming sales event.

With a little analysis and planning, you can reduce the valleys and grow the peaks in your annual sales cycle.

During good times, a wise business owner will squirrel away money for the lean times. An even wiser owner will also plan for ways to make those lean times a little fatter and more profitable by maintaining solid cash flow all year long.

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