

Marketing Ideas to New & Existing Customers using your Point of Sale System

Direct Marketing to New and Existing Customers

One of the major advantages of a point of sale system is the ability of the system to create and store customer records and keep track of purchases made by specific customers. Once that data is accumulated there is no end to the marketing and promotional programs that can be created to both pull more customers into your store and encourage them to spend more!

The Big Picture. The big picture in the sales marketing business is pretty much always the same, people like to be treated in a manner that is perceived as better than other people; and everyone enjoys getting a “deal”, something for less than it’s perceived value. If you treat people better and give them more perceived value than what they are actually paying for, they will reward you by shopping your store rather than the competition. The other thing to remember is that human beings are naturally curious so that “new” is generally always good. Change is usually for the better because people like trying new things. Thus, “specials” should change from time to time, and “sales” and special pricing should end, and change, the start of each is a good reason for someone to come into your store again.

In using a point-of-sale system customers are most commonly tracked by assigning customer numbers that are the customer’s phone numbers. The creation of a complete record containing customer data such as: full names, addresses, phone numbers, e-mail address, and even birthdays, anniversaries, or favorites colors, is usually helped by using a customer friendly form. While a clerk is completing the sale the customer can fill out the form; later the clerk can complete the detail in the customer record. As more and more retailers begin using computerized point-of-sale systems, customers are becoming “trained” and more familiar with giving their phone number at the start of each transaction.

Gift & Private Label Debit/Credit Cards.

Gift cards and private label debit/credit cards are cards that are sold to customers with a value assigned to them, the cards then can be used to pay for later purchases at the store just like cash. The simplest form of this type of promotion is to price the card at something less than its face value; thus a \$100 value card sells for \$90 an immediate 10% discount to the customer! But wait, does that mean that the store owner just gave up 10% in dollars? No. In reality the store just made more than the amount of dollars given up in the 10% discount. First, there is the time value of money, there is a clear value to having a dollar today rather than getting it six month or a year from now. Second, many (the actual percentage will vary) cards

are never fully redeemed allowing the unclaimed balance to become the property of the store, “escheat”, after a period of time.

Club Cards. While it is very easy to utilize a customers the phone number as a customer identification the use of a “club card” has some distinct sales marketing advantages. A club card is a plastic credit card size card that is pre-imprinted with the store’s name address and logo on one side and either a barcode or magnetic strip on the other.

The cards act as semi permanent advertising. Every time the customer pulls out their wallet and goes through their credit cards, The advertising is viewed. In the advertising business this is called an “impression” with the idea that each impression, or viewing of the card is a positive mental stimulus that plants the image of the store in the mind of the viewer. With each impression the viewer may begin thinking of the store, it is more likely that with more thinking about the store a need, want or desire will be created and that will translate into the action of going to the store.

Why would a customer want to accept your club card? Most stores will offer special pricing or discounts on all merchandise, or on selected items at selected times for using the card. Or simply a onetime percentage off or dollar amount discount on their next purchase.

Even without a physical card the concept of “membership” can have its rewards, to quote from a famous American Express ad campaign and it doesn’t have to be called a “club”. Other terms to use depending on your particular store are: Group, Party, Band, Troupe, Troop, Set, Crowd, Society, Guild, Alliance, or Cluster. Whatever you want to call your assemblage here are some things to offer them and how to set it up in the point-of-sale system. Also, whatever you offer your tribe it is a good idea to have both a written framed policy statement on your sales counters and additional written statements available for customers to take with them. A good sentence to include is that the special offer may be withdrawn at any time or upon a stated expiration date. And don’t be afraid to experiment and change offers annually or seasonally.

Special Group Promotions: Percentage Off.

The customer is offered a percentage off say 10% on all purchases. This percentage off may be stated as occurring always on every purchase, or on selected merchandise (this can be used more to the store’s advantage as special purchases of items can be marked up prior to the application of the percentage off so that the profit margin is actually maintained). The percentage off can also be

applied only after a certain level of purchases is achieved, say \$500 in an annual period which starts over each year.

Using a point-of-sale system simplifies the administration of any special pricing policy because it automates and controls the process. Almost all Point-of-Sale software contain a field in the customer database record to put a discount percentage. Set up in this manner, pricing is set at the inventory item but if a customer has a percentage discount in their data record it is applied only then. If a store has multiple employees that are not always supervised by store owners care must be taken that access to the customer records be controlled by the software's security feature, usually requiring a supervisor logon to avoid a employee giving too much of a discount or discounting their friends.

Special Group Promotions: Special pricing.

This is a price that is not calculated by a percentage off. This pricing strategy involves side by side prices on an item showing the lower price to certain purchasers. The advantage is that a price may appear clearly lower but may in fact be only a small percentage. Most customers don't bother calculating the percentage off but they can clearly see there is a difference.

Not all POS software can handle this scenario if it is to be applied only to certain shoppers. This strategy involves the use of price tables and is set up on the inventory item level not the customer level.

Coupons. Coupons are yet another way of creating different pricing for different customers. Again the customer feels they are getting treated better than others and is getting a deal that non coupon paying customers are getting. The coupon is also a little piece of advertising that the customer keeps with them prior to using it in the purchase so the chance for multiple impressions is significant. The coupon is also a great way to market the store, not only to existing customers but by placing the coupon in a newspaper or other form of media you encourage people who have never visited your store to come in.

The variations on coupon marketing are immense. You can offer a percentage off or create a coupon/certificate that entitles the bearer to a fixed amount off on purchases of a stated amount; for example, a certificate worth \$20 off on purchases over \$100. Another variation is mailing a certificate to specific customers with their name printed on it and perhaps a straight offer of a value to be used against any purchase not matter what the amount. This is a very generous offer but worth it if used with existing good customers to reward them for there past munificent buying habits.

Gift Certificates. Almost every store can benefit from issuing gift certificates and a point of sale system makes it easy to both create and track gift certificates. Clearly the advantage to a customer is that gift buying is

simplified as no selection of "just the right gift" is required. The advantage to the store are an immediate receipt of money and no reduction in inventory. A policy for a store with a club or type of preferred buyer program is to offer those customers special discounts on gift certificates. Sales are thereby encouraged and the recipient does not know if the face amount or a discount was paid for the certificate.

There are two general methods to creating a gift certificate on a POS system, as an inventory item or as a tender type. As an inventory item set amounts can be created (ex. \$20, \$50, \$100) and tracked.

The potential variations on these and other marketing strategies are limited only by imagination. Keep your eyes open to what other businesses and major retailer are doing and see if strategies of those other business can be adapted to your environment to create new and innovative marketing strategies of your own!

By Jonathan Schillinger

The author is a former Vice President of Retailing Banking at Great Western Bank and the owner of a retail food store.