

Discover the Secrets Successful Retailers Use To Keep Customers
Coming Back.

The Complete Guide To Retail Loyalty Marketing

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THE COMPLETE
GUIDE TO
RETAIL
LOYALTY
MARKETING

by

Allan J. Katz



PUBLISHERS

The Complete Guide to Retail Loyalty Marketing

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Foreword

by Murray Raphel

How many times have you read a book or heard a speaker or watched a show and, a few hours later said, "Boy, that was great ... " (and then) "I think."

You were caught up in the moment and impressed by the writing, speaking or acting but then, the next morning, it was like it never happened.

Here's why: Each of these incidents captured your attention and you enjoyed the moment. But later you forgot what was said, written or performed simply because you couldn't figure out how it applied to you or your business and - more important - what you could do with all that information.

This book is a pleasant surprise because not only is it easy to read and relate to but (and far more important) Allan Katz gives you the 1-2-3 steps to take to increase your business as a retailer by using direct mail.

I know. I was a retailer for 40 years. We started with a small 600 square foot retail store. We grew to a multi-million dollar shopping mall covering nearly an entire city block because of direct mail. In the beginning, we used direct mail because it was the only advertising we could afford. It wasn't until much later that this then mysterious but very successful advertising medium became the theme of the seminars we do around that world: "Dollar for dollar, nothing returns as much to your business as direct mail." This has been a difficult lesson for the small retailer to understand. In fact, only about 5 percent of the several million small retailers in the U.S. use direct mail today.

Here's why:

The newspaper salesperson comes in your store every week and shows you a layout for the ad he wants to sell you for an upcoming promotion. ("And all the other stores on the street are participating, so you should too.")

The radio salesperson comes into your business, and plays a jingle on his tape recorder and says, "We'll run your ad with this jingle playing in the background." (Which reminds me of David Ogilvy's classic line of "When was the last time you went into a store to buy a shirt and the salesman approached you singing?")

The TV salesperson comes into your business telling you he'll bring down the camera crew to do a video of you in front of your shop inviting people in to buy from you.

The Direct Mail salesperson comes in and....wait! There is no direct mail salesperson that calls on you. That's you!

"Wait a minute," says the retailer. "Do you know the pipes in the back room just broke and there's three inches of water climbing toward my reserve stock. The merchandise promised me from my manufacturer never arrived and I have an ad in this morning's paper for that item. Two cashiers didn't show up to work and I had to call my wife to come in and handle the register. And you want me to try ... direct what? I haven't got the time!"

Well, that retailer better take the time if he plans to be in business next year and not have to fold up his retailing tent, take down his neon--and silently fade away.

Because now he can take the time.

Because now he can do more business

Because now he can be in the direct mail business.

What once was a specialized, difficult to understand (much less do) marketing technique is now available to every one because of the personal computer (now in one out of four American homes.)

And now you have Allan Katz's book to show you how.

If you visit your local library and ask for books on "direct mail" you will be given a two-foot-high pile of published texts written mostly by well known experts in the field that, for the most part, are difficult to understand much less follow. Though well meaning and reflecting the writer's knowledge, they are aimed mainly for the professionals in the trade. They use a language little known or understood by the retailer trying to attract more business to their dry cleaner, clothing shop, beauty shop, and - well, look up and down the Main Street in your town or inside your shopping center. Each and every shop is eligible for membership in the "Let's do more business with direct mail" club.

What was needed was not only an easy-to-understand book and (this is the big plus) specific examples of other businesses similar to yours that did what this author writes about. Ideas that worked for others. And, (this is the ultimate test) ideas he did himself !

You'll see successful promotions of businesses from pizza shops to ready-to-wear to furniture stores to you-name-it. If it's not in this book, the specific examples are easy enough for you to translate to your own business.

This book is up to date with all the latest information including the fastest growing phenomenon in retailing: The Frequent Buyer Program.

What began in the airline industry and was copied by hotel chains now exists in almost every form of retailing from supermarkets to take-out Chinese.

And so, sit back, start reading, but don't relax. Have paper and pencil ready. You're about to read and see how your business will increase in sales starting tomorrow morning.

It all begins on the next page

Murray Raphel

INTRODUCTION

There are 3 ways to do more business:

1. Get new customers
2. Get current customers to buy more
3. Get current customers to shop more often *

Which form of advertising is best for the small to medium size retail or service company. Lets examine the different forms of advertising.

NEWSPAPERS

More advertising dollars are spent on newspapers than any other advertising medium. You have the chance to reach customers since 7 out of 10 people are subscribers to newspapers at their home. You can also target certain specific buying groups by adverting in specific sections of the paper. Sports, society, editorial, business, travel & leisure, etc.

As a retailer consider using newspapers to build store traffic, awareness and build your image as a member of the local community. Unlike TV and Radio, you have plenty of room for descriptive copy and can use couponing to track your advertising effectiveness. Plus you can advertise in "neighborhood" sections to attract those people closest to your store.

The drawbacks to newspaper advertising are, if you live in a medium to large size city, the rates can be very expensive, especially if there is only one paper in town. Because of our transient, busy society, fewer people have time to read the entire paper. In fact the average person spends 4 seconds skimming a page. Plus the paper cannot guarantee placement of your ad, except into a specific section.

RADIO

Radio has the advantage of being the "medium that never dies." People remember radio ads well after they've aired, if they're presented correctly. Radio needs to supplement your other advertising. It's a good way to use music and voice to present your image and even create

jingles that will become household tunes (ads for your business).

Radio is targetable by age group and by different "cultural" music or talk themes. You have to be able to link the type of music to the type of audience and then create your advertising to appeal to that audience. Radio is also effective when you have several locations and need to reach an entire market area.

* John Groman, Executive Vice President, Epsilon, Inc.

TELEVISION

Television used to cost too much for the small to medium sized retailer. Now, with the advent of hundreds of cable stations you can pinpoint markets and reach people that fit your customer profile. Television creates an image for your company that most other advertising can't match. You are there on the screen with your customer's favorite heroes and movie stars, vying for attention. It gives you instant identification as a real player in the community market.

However, if you only sell within a 3-5 mile radius of your store, you may be wasting money reaching people 50 - 100 miles away, and that's only on one station. If you're a specialty retailer and can draw an audience from that far away, you can use radio and television as a powerful store traffic builder and image maker. Rates are coming down and are now more competitive than ever. Plus more people are watching TV than ever before, overshadowing newspapers with instant news, glamour, excitement and entertainment.

DIRECT MAIL ADVERTISING

The only medium that can fulfill the 3 ways to sell

Personal - Direct mail is like putting your own personality into a message directed to each individual you are communicating with, inviting them into your store or inviting them to continue a relationship with your business. Imagine how impersonal it would be to put a "preferred customer" sale in the newspaper or on radio and TV. Are all the readers or listeners your "preferred" customers? Hardly!

Imagine receiving a letter from a store inviting you to a private

showing, for good customers, like you, only. Plus, the sale will not even be announced to the general public. How would you feel? Pretty important! That's the power of this personal medium.

Measurable - You can determine if your mail campaign was successful by actually counting the results as they come in. You know what return you received, how much the mailing costs, and you can compare results of different promotions.

Targeted - There is no wasted circulation. If you're a lawn care service you rent a list of homeowners and exclude apartment dwellers. If you want to concentrate on a certain neighborhood at a time, you can do so by targeting certain zip code areas, instead of traveling all over town.

Gets Attention - When created properly, direct mail says, "STOP EVERYTHING" and read me. Your prospect is standing there with just your message in her hand, reading.

Timely - Direct Mail is not restricted to someone else's timetable. You can mail your message whenever you want! You don't have to wait for a monthly publication or the Sunday edition.

Creativity - You can use hundreds of different formats, sizes, colors and designs in your direct mail which adds uniqueness and image building to your personal message.

DIRECT MAIL MISCONCEPTIONS

The excuses people give for not using direct mail are based on years and years of misconceptions and false information that have given rise to terms such as "junk mail." Yet, according to Murray Raphel, an experienced award winning retailer and direct marketer, "Dollar for Dollar, nothing brings in as much money into your store as direct mail."

Actually 8 out of 10 direct mail pieces are opened and at least looked at. It is the best-read advertising medium. Yet most people say, their mailboxes are cluttered with advertising mail. Studies show that the national average is only 12 pieces per week.

In the latest USPS Household Diary Study conducted in 1998, they found 13% of consumers ordered products or services from direct mail offers placed in their mailboxes. Consumers read more than 52% of their advertising mail. More than 48% of consumers say they want more advertising mail or don't mind receiving more. Households in the U.S. receive an average of 22 pieces of mail each week. Of those, only 11 are advertising mail pieces.

The Direct Marketing Association has instituted the Mail Preference Service where people all over the country can have their names taken off mailing lists. The Association also offered people a service to have their names put on lists of catalogs and vendors who sold goods and services that interested them. So far, more people have requested to be put on lists than taken off. Telemarketing lists is a different story. For more information visit <http://www.the-dma.org>.

According to Donna Hanberry, Executive Director of the Alliance of Independent Store Owners and Professionals, "Traditional mass advertising doesn't work for the small store. TV, Radio and most daily newspapers reach a large geographic area. For the local drug-store, dry cleaner, grocer or clothing retailer, it doesn't make sense when most of your potential customers live three miles from your store."

This decline in the effectiveness of mass marketing has given rise to the need for an advertising medium that identifies customers by frequency, recency and amount of purchase and markets to them individually to maintain not only market share, but a sense of customer loyalty.

This is the lesson of this guide.....

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