

How to use promotions to boost your revenue

For decades Australian retail has relied heavily on promotions, but how can retailers make sure they're getting real value from every promotion?

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Nielsen's new research suggests that when it comes to promotions, Australian retailers have room for improvement- and with an \$11.3 billion cash pot up for grabs, it's certainly worth considering if your promotion strategy is a top seller.

Running a great promotion isn't as simple as discounting prices or displaying giant 'SALE' signs, it is increasingly driven by hard data and a clinical approach to success. Here are three essentials you need to get right with promotions to build customer loyalty and boost your revenue.

1. MERCH TO A PLANNED BEAT

While promotions may appear to your customers as a reactionary tactic, leading retailers know that it needs to be planned to perfection. The most profitable promotions are conceptualised at least six months in advance of deployment. You need to ensure you will have adequate stock levels to meet demand and have time to implement an integrated marketing strategy to support the sale. The only excuse for ad hoc promotions are those focused on clearing stock and these are generally less profitable. The goal therefore is to minimise the need for ad hoc promotions through an informed, smart promotions calendar.

To achieve this type of clinical precision, retailers need to have the right tools in their arsenal. A robust supply chain management system spanning inventory, warehousing and distribution planning is critical for effective promotions. It makes no sense to run a promotion if you don't have the right amount of stock in time, or you're unable to ship the stock direct from the warehouse.

Accurate data is a critical requirement for building lucrative promotions. You must be able to easily review historic trends and insights across your operations to inform your approach. An integrated Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) solution will enable you to quickly

identify correlations and patterns in customer buying habits. For instance, this may lead you to plan out a bundle promotion pack of sunscreen and lip balm for the first week of summer. With the right data, promotional strategy becomes less of an art practiced by retailer whisperers and more of a science, with powerful data-mining tools supporting informed decisions.

2. RING IT THROUGH

Having stock on hand is one thing, but a key measure of a good promotion is the volume of completed sales. Your point of sale terminals, whether traditional registers, iPads or smartphones, play a key role in this process and are therefore a gateway to real-time information and insight about your promotion. Data from these terminals should allow you to know what stock is moving quickly and how the promotion is performing across various locations. Point of sale (POS) terminals that link back into inventory and warehousing can also enable you to replenish stocks automatically.

For customers, there's nothing more frustrating than visiting a store during a busy sale and being told the registers are down because of a system or power outage. Retailers with a POS app can complete a transaction whenever the customer is ready, ensuring excellent service in challenging times.

A great example of an effective, highly integrated promotion was Kmart's 'Ship my Pants' campaign.

Rather than leaving customers frustrated if a particular item they were after was out of stock in-store, Kmart ran a promotion where customers could arrange for the item to be shipped to their home. On-floor staff managed the process at POS, setting the distribution process in motion rapidly.

3. MAKE THE LAYERS PERFORM

With promotions playing such a large role in Australia, many retailers navigate multiple layers created by different campaigns. It could be for example that if you buy five, you get one free, but if you buy 10, you get one free or a 10% discount on an item. Managing this can be difficult without the right POS technology and integration between front of house marketing and your back-end system.

Remember, when layering promotions simplicity is the key - if it's confusing for your staff, how much more confusing will it be for the customer?

Ultimately the key questions that you should ask about any promotion include: has it increased profitability; has it increased sales; and has the promotion attracted new customers? Thorough planning, integrated systems, real-time insight and powerful technology can assist sales through your next promotion, ensuring you attract new customers and increase the effectiveness of existing ones to sustain and boost your revenue.!!



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