

Why Top Retail Marketers Use Coupons

If you're like me you might have wondered why there are so many coupons distributed in the mail, by email, in the newspapers and so on. It might seem that marketers are going to a huge amount of trouble to give the consumer very little off often 10c or so, on their products. And coupons seem to apply to every kind of product from yoghurt to cutlery to socks. Why on earth do retailers do this?

Well, I spoke to a leading coupon guru who told me some interesting things about why top marketers believe in coupons and I'm going to tell you some of the reasons they use them and convey some tips on how to use them effectively as part of your marketing campaign. Firstly, let's define a coupon. It's a scrap of paper or a code you get electronically that you can exchange for a discount on the product or service concerned in order to save money.

At first glance it might seem that companies use coupons to increase their revenue by encouraging people to buy their products. This is in fact a very small part of what coupon marketing is about. The main benefit of coupons is that it allows marketers to track where in the world, the region, the country their products are being sold. It can identify the stores they are being bought. Let's say one sells more butter in South Carolina than anywhere else and none in New Mexico and this is established by tracking your coupons. You can then use this information to sell more butter and to find out why practically no one in New Mexico is buying your butter.

From the consumer point of view a coupon works like this. A person looks through the Sunday paper and finds a coupon that says you can save 0.20c on your favorite ketchup. So the next time you go shopping you take the coupon along and buy the sauce at a discount. Two things have happened the consumer has had the satisfaction of saving money, although the amount is small. More importantly, the consumer has bought that brand of ketchup and no other. Because he had a coupon for that particular brand he wouldn't consider buying another brand. Also the marketer is able to track the sale and draw valuable marketing data from the transaction. Please note that the money involved is really not the point. And yet the consumer perceives himself to have gained from the transaction and the marketer has garnered valuable information.

Marketers also use coupons to increase the client base. However, in this case the saving has to be considerable, not just a couple of cents. For instance, let's say you service cars at people's homes. You normally charge 250 dollars for a basic service, but you offer a coupon stating you will service two cars for the price of one. That sounds like a massive decrease but you are gathering valuable information from the transaction. The tracking element is present here but more important the deal is getting you in front of people that may refer you to other prospective customers. So a coupon can have a viral marketing effect. Also, the marketer now has the customer's contact information. Let's say the industry norm to service cars is every six months. Obviously you can do a six monthly mailing reminding customers to service their cars. This is a good way to ensure year round business with repeat customers.

In summary, coupons are a good way to help increase your customer base and stimulate revenue. There are also a wealth of creative ways you can use coupons to increase your business. Once you have discovered how to use them remember to always include coupons in your marketing strategy.

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