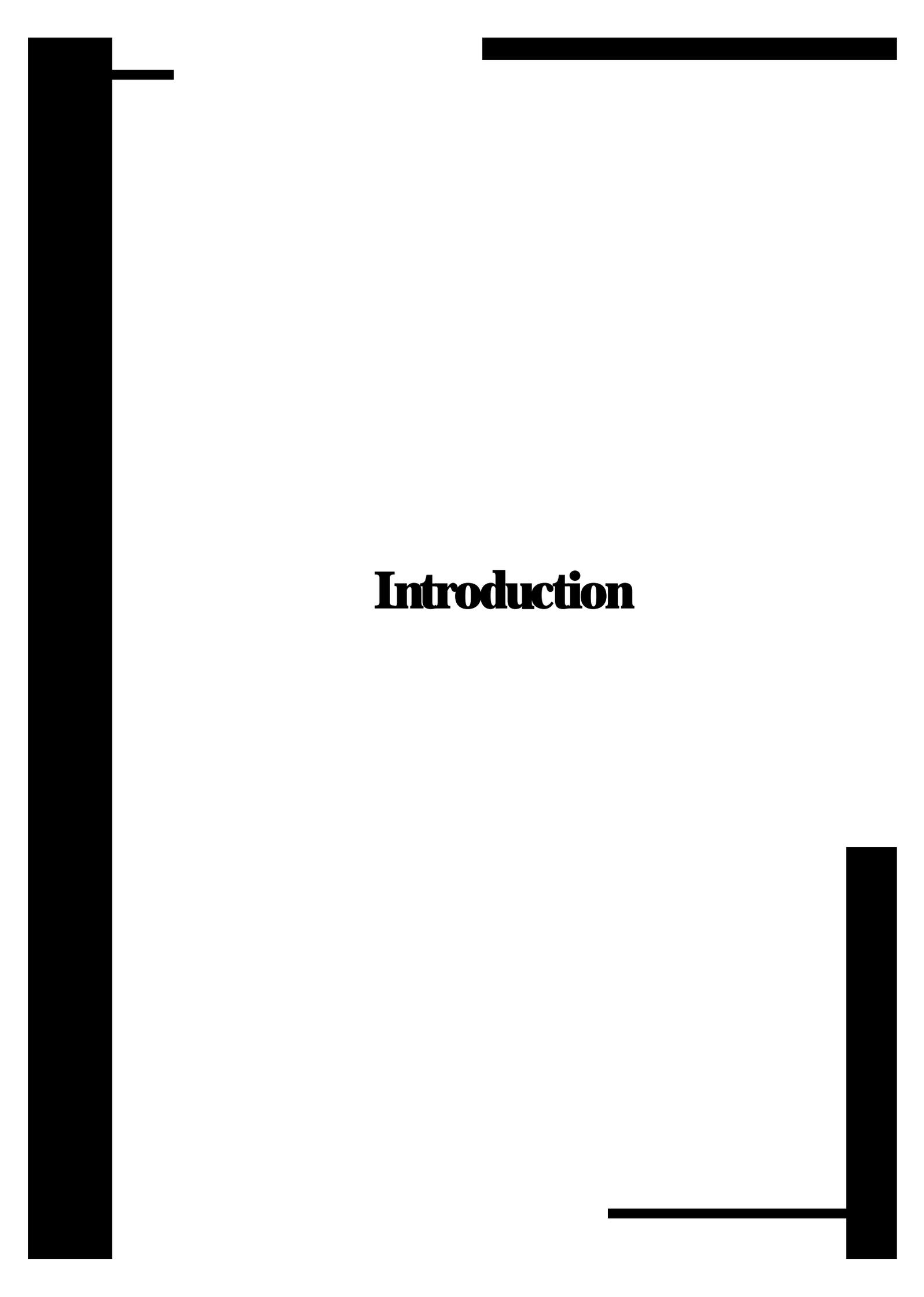


Instant Loyalty Strategies



Introduction

Congratulations!!

Welcome to Instant Loyalty Strategies, your do-it-yourself guide to creating strategies that will encourage your customers to come back.

Once you've been through this guide, you should know exactly how to put together strategies that work, yet don't cut heavily into your profit margin. More importantly, you'll have a selection of developed strategies to choose from.

This is the next step in your marketing success story. From this point on, you'll have the skills to keep your customers coming back for more.

I personally guarantee it.

How To Use This Guide

After reading the introduction and background, jump straight in and start going through ‘The 6 Steps To Creating A Successful Loyalty Strategy’.

Each step covers an important aspect of loyalty campaigns - these are things that you must give careful consideration to. Each step represents the cornerstone of a great strategy.

You might be surprised by how much this exercise reveals about your business. It may get you thinking about important issues that have never crossed your mind. If some of this information is new to you, don't be concerned - there's never been a better time to making them most of your current customers.

Make sure you make notes in the spaces provided. When you come to write your first few strategies, you'll need to refer back to these scribbles.

Section 3 offers more in-depth explanations of how to come up with good offers.

Section 4 contains examples of loyalty campaign letters and cards, some of which may directly apply to your business.

Lastly, **Section 5** brings it all together, with templates of successful loyalty strategies. That means you can combine your new knowledge into a format you can be confident will bring results. You just fill in the gaps. That's how easy it is.

Important: A Note About Testing & Measuring

The greatest business people and marketers are not necessarily the smartest or most innovative. Most simply understand the concept of testing and measuring.

When you are testing and measuring, there is no failure (except the failure to record your results and analyse them). Every step brings you one step closer to the right formula, and the right approach.

If you approach your marketing expecting everything to work first time, you'll be bitter and twisted when you discover it doesn't. You may give up before you should.

Remember this: marketing has certain rules, but it's still largely trial and error. You give it your best guess, then find out for sure.

It's essential that you meticulously record every result. It's extra work, but you'll be glad when you have a marketing strategy which you know will produce results. That confidence only comes from testing and measuring.

The Nature Of Loyalty Strategies

What is a successful Loyalty Strategy?

The expectations of novice business owners tends to be unrealistic - they expect 80% of people will adopt their loyalty system and go bananas over it. The truth is, most loyalty strategies will never get anywhere near that number.

Does this make them unsuccessful?

No. If you are getting people to come back more often than they were planning to, and the extra profits more than cover the total cost of promoting and running the campaign, you have a success.

In more simple language, if it's making you money, it works.

Example: Let's say it costs you \$250 to mail a loyalty card to every one of your customers. The deal is, every sixth purchase is free. Now let's imagine that you get 50 customers (out of 150) who start using their card regularly.

It's a bit complex, but if you sit down and spend some time, you can work out whether the strategy is increasing your profits. Remember, if your loyalty card is only being used by people who would have come back regularly without an incentive, you're really just giving away free stuff.

That's something you need to watch out for - you may notice that your best customers go mad with the loyalty card, acclaiming it as your best idea ever. Remember, they would be dealing with you anyway.

A successful strategy will bring back people who like you, but aren't dealing with you regularly, or the people who float from business to business.

What makes a successful Loyalty Strategy?

Remember, you want your strategy to be strong enough to pull in the ‘swinging voters’ - the people who don’t really care where they buy from, or feel equally loyal to two or more outlets.

There are a number of factors that determine the success or failure of any loyalty strategy ...

Offer: Success is reliant on how strong your offer is. For example, every 6th meal free, or every 6th haircut free will probably be strong enough to keep people coming back. On the other hand, 10% off your 10th purchase is probably not. It needs to be appealing enough for people to say ‘wow, that’s a good deal, I’ll remember that’.

Satisfaction: People need to be happy with your service to begin with. If they were not satisfied with their first interaction with you, it’s unlikely they’ll come back anyway. It sounds obvious, but it’s a reminder to get the little things right before worrying about a loyalty campaign.

Convenience: If people find it easy to keep the loyalty card handy, there is a better chance they will use it. If, for example, it’s too big to fit in their wallet, they’ll probably throw it away.

Promotion & Exposure: If you treat your loyalty card like it’s nothing special, your customers will too. Ask them every time they buy, ‘do you have your loyalty card handy?’. Make sure that every person who comes in knows that it’s available, and is offered one.

These issues and more are covered in depth in the next section.

The 6 Steps To Creating A Successful Loyalty Strategy

1. Why (Use A Loyalty System)?

Before doing anything, you need to work out whether a loyalty strategy is the right thing for your business.

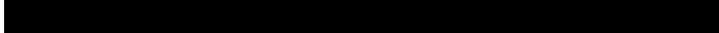
Obviously, you have a suspicion that it is (or you wouldn't have invested in this package), but you need to compare it's potential returns against promotional methods you could invest your time and money in.

Let's look at your business in a little more depth. For a loyalty card to work, your should ideally meet the following criteria ...

Frequently Purchased Product: Hairdressers, restaurants and groceries are all excellent examples. On the other hand, real estate agents and car dealers are examples of businesses that will struggle with a loyalty campaign. It's so long 'between drinks' - people will forget who you are. There are things you can do to remind them, but a loyalty card will be all but meaningless - you can't expect people to hold onto it for 25 years.

Floating Customers: If all of your customers are already loyal, there's no real point in offering them anything else. You may want to send them a gift, or a thank you card occasionally, but a 'every xth purchase is free' deal is unnecessary. A loyalty card system is good if you see customers come in once, then never see them again, or if they seem to drop back every year, when you know they would have to buy your product or service at least 6 times in between.

Margins To Play With: If you went by the above criteria alone, it would seem that petrol stations are ideal for a loyalty system - they have a frequently purchased product and floating customer base. The fact is, there is no margin in petrol, and thus, no chance of offering anything worthwhile. They could offer \$1 off every 10th purchase of fuel, but who's gonna care? You need healthy margins so that you can offer something attractive.



A Good Product Or Service: If your product or service has flaws in it, you'll do more to damage your reputation than enhance it. Added to that, people will not make use of your loyalty system. They'll try you once then leave you for someone who can deliver what they promise. Get your quality up, then worry about getting your customers back.

2. Who (Are Your Target Market)?

Before you even buy the envelopes for your Direct Mail campaign you need to identify exactly who it is you're trying to reach. Precisely who is your target market?

A failure to answer this question will cost you hundreds in wasted dollars and lead to a poor conversion rate. For example, imagine a company who sells in-ground swimming pools doing a mailing campaign to a block of high-rise rental apartments. To avoid costly mistakes, you need to know who your potential customers are before you start mailing your letters out.

Knowing your target market will also enable you to write in a way that your prospect will relate to. Using terms and phrases that are commonly used by your prospects will greatly increase the effectiveness of your letters.

So let's get specific - who are the people most likely to be interested in your product or service. Here are some guidelines ...

Age: How old are they? Don't just say 'all ages' or 'a variety'. We want to create a mental picture of your average customer. Think of an age that symbolises most of your customers.

Sex: Are they male or female? 'Half and half' is too broad. Practically every business is split one way or the other. Give it some real thought - which gender does business with you currently.

Income: How much do they make? Do they earn a great living, meaning that quality is the big issue, or are they scraping for every dollar, always looking for a deal. It's essential that you find this out.

Where do they live: Are they local, or do they come from miles around to deal with you? This will dictate how you communicate with them.

3. What (Can you Offer Them)?

If you really want your loyalty system to work, you need to do two things ...

1) Do everything you can to improve your product or service. Give the best quality you can for the price you are selling for, and take the time to improve your service - build rapport and be genuinely interested in what the customer wants. This is the best way to ever build loyalty.

2) Work out what you can offer the customer for their loyalty. This will give them the feeling of being part of something special, and let them know that they are valued. It also gives them the idea that they are 'spoken for'. For example, imagine a florist that offers a free carnation, sent to anyone in the local area, every time a VIP member orders. When another florist comes along making offers, the customer will block them out - they already 'belong' to a florist.

Ok, so how do you work out what you can offer your customers? It has to be appealing, generous yet not heavily cut into your profit margin.

For some businesses, that's gonna be tough. There is just so little margin in some product or service types that it's almost impossible to find some leeway.

Here are a list of options ...

a) A free service or product ... work out the hard cost on your product or service. How many times would the customer have to buy, before you could warrant giving them the service free.

b) Free delivery ... how much would it cost you to deliver the product free? Work out the cost against your profit margin and the lifetime value of your customer.

c) Something extra with every sale ... Find a small item (like a chocolate, or consumable accessory) and throw it in with every sale. Again, you need to work out the cost against your margins. This can be a good way to introduce customers to other items in your product range.

d) A free service with another non-competitive business ... in many cases, you'll get this free. The other business could offer a free service in order to tap into your customer list.

e) Use a lucky dip system ... To determine the value of the lucky dip items, do the following - work out how much profit you'll make from 100 sales. Now decide how much of that profit you can afford to put back into your loyalty system. Divide that figure by 100 - you now have the approximate value of each lucky dip item.

f) Give your customers the VIP treatment - perhaps they'll receive a complimentary muffin and cup of coffee while they wait, plus any magazine of their choice.

It's important that you know your margins and how much you're willing to sacrifice in order to get your loyalty club up and running. Once you know how much you can spend on each customer for each sale, you can start making some realistic decisions.

Here's an example. Let's say you service cars. The average price of a service is \$95, \$38 of which is profit. Now, every time a customer chooses to have their car serviced with you, they are giving you \$38 (for the sake of simplicity, we won't worry about other costs for now).

Now the question is, how much are you willing to pay for their loyalty. To answer, you need to work out how much of a problem it really is.

Be honest - do most customers come and see you once then never return, or do they always return? If they come in once then take off, you have to ask yourself - what are you doing to drive them away?

It may be that you are doing everything right - it's just that customers see nothing special about you. They see no reason to come back to you in preference to anyone else.

This is where a loyalty club comes into play ...

Remember, a good customer for life is worth more than just the total amount they spend. During the course of one year, how many friends will they recommend? The average business sees about 2 referrals every year from each customer.

For each \$38 they give you, why not give them \$7 back. You can do a lot with that \$7. You could give them a free tyre clean with every service, plus a piece of cake and a coffee while they wait. You could also fill their car with a scent of their choice and give their car a quick vacuum.

And that's on top of all the great stuff you do already - free pick up and delivery, a complete written report with a 'plain English' explanation and a 3 month guarantee. Plus, you're friendly, clean and a little more sophisticated than the average grease monkey.

Now if you had a mechanic who did all that for you, would you become loyal? You bet - you'd tell your friends too 'every time I go to my mechanic, they give me the most delicious chocolate cake and cappucino. And they ask me how I want me car to smell - they've got this special aromatherapy stuff that makes it smell like a pine forest. Oh yeah, they're good mechanics'.

Think about the actual cost of going the extra mile in this way. You could bake two cakes at the start of the day (you may even con your sweet old mother into baking them for you) and buy a cappucino machine. You've just created something special you can do for your customers, not to mention a real point of uniqueness.

Of course, many mechanics have a 'Cafe Bar', where you make your own coffee in a plastic cup, but how many serve you a piece of delicious cake and a cappucino in a proper cup.

This is a perfect example of a small and cheap way to make your customers feel like they are part of a club.

Now what can you do - how much of your profit are willing to give back in exchange for the customer's eternal loyalty. Once you know that, you are ready for the next question - what do you spend that money on?

4. How (Do You Create A System That Works)?

Having been this far through the guide, you will have worked out one thing - loyalty is worth paying for.

A good customer will not only bring you income, but also stacks of referrals. Once a customer 'commits' to a business, they have no problem sending their friends.

You will have also worked out that loyalty systems are not right for every business. If your customers are already loyal, you'd be better off just sending them a small gift or thank you card every now and again.

If your customer almost always come to you once and then are never seen again, you have to give some real thought to the quality of your service and product.

People are 'once bitten, twice shy'. If you burn them once, all the loyalty cards and incentives in the world will probably not bring them back.

The best opportunity for a loyalty system is when you have customers who are happy with your service, but feel pretty indifferent about it. They were satisfied with their experience with you, but don't feel there's any reason to choose you over any of your competitors.

They don't know it, but these floating customers are waiting for someone to 'claim them'. If a business actually put their hand out and said 'we'll take you', they'd probably win the customer's business for life.

A loyalty card system is a perfect way to claim customers. It's also a good way to say to the customer 'we like having you as a customer - we'd like to see you back'.

People are often surprised when you tell them about your loyalty system. They expected to just float in, get what they need, then float out again. Suddenly, you're saying to them 'hey you, we want you as a customer - that means commitment, a monogamous relationship'.

People are usually a little taken aback - 'I didn't think you even noticed me here' they're thinking. That's unfortunately how it is - most customers feel unnoticed. They're just another number. A loyalty card has the benefit of making the customer feel special.

Now, before we go on to examine the elements of a powerful loyalty club system, let's cover the main reasons that loyalty systems fail ...

1) They get no promotion from the staff ... you've seen it before. Business owners stick a sign up on the wall that says 'ask about our loyalty club'. Surprisingly, nobody ever does. There's no reason to. The staff do not have to put themselves out at all - if anyone wants to join the loyalty club, they'll ask, right? Wrong! The staff have to get behind the idea, and mention it to every customer. You have to go on a 'drive' for members for your loyalty card system.

2) The offer is not generous enough ... the critical point is when you hand the customer their VIP card and tell them the benefits. If they see the benefit, they'll put it in their wallet and make a mental note to use it next time. If they don't, they'll look for the nearest bin and wonder if you have mental problems. As described before, you need to work out how much you're willing to spend to win the customer's loyalty. If you can't offer something appealing, you may be better off leaving the idea alone altogether.

3) There is no follow up ... if you simply give a customer a loyalty card and never mention it again, they'll forget about it. You have to ask every customer 'are you a member of our VIP club'. If they say no, you tell them why they should be. If they say yes, you say 'great, let me stamp your card', then offer a reminder of the benefits. Remember, people are just animals. They need to be trained - you need to give positive reinforcement every time they do what you want them to. If they bring in their card, say 'great, you're almost up to your free service' or 'hey, you've only got 3 more meals and you get that special ice cream cake'.

Now you know what doesn't, let's look at what does.

Most importantly, people have to see the benefit in presenting their card. They have to feel like they're working towards something, or alternately getting special privileges that everyone else is missing out on. That makes them feel smart, and like they've got one up on everybody else.

That leads to the two basic types of loyalty systems ... 1) Customers get a benefit after spending \$x, or visiting x times or 2) Customers get a benefit every time.

Here are a variety of different ways to work your loyalty system ...

A) Every 6th service free ... this is ideal for mechanics, hairdressers, restaurants, any business where customers have to come back regularly. The way it works is simple - you give the customer a card. They get it stamped each time they visit. On their 6th visit, the meal, service or product is free. The effectiveness of this depends on how frequently they visit, and the value of the free item. People will only get involved if the offer seems generous. Offering every 10th purchase free is usually stretching it. The goal is too far out for people to really imagine. If you have a high profit margin, why not go all out and offer every 4th service free. You'll be unbeatable.

B) Credit dollar system ... people are given a card. When they present their card, they receive credit dollars for their purchase. You could do it like this - every \$10 the customer spends earns them \$1 credit dollar, which they can spend any time in the future. Of course, you don't give them cash - you give them a specially printed dollar. They'll keep it in their purse or wallet and use it next time. It will also serve as a reminder of your business every time they open their wallet.

C) Points System ... Every time the customer spends, they accumulate points. For example, \$10 may equal 100 points. When the customer reaches a certain number of points, they can spend them on something. They may conserve their points, and use them towards something better. You could have a range of 'prizes'. Look at the 'Fly Buys' system. Unquestionably, the rewards are so minuscule you'd have to spend a zillion dollars to even get on a plane, but people love the idea. They feel as though they are working towards something.

D) Extra service perks ... take the example of the mechanic before. Each time the customer came in, they got extra stuff - cake, cappuccino, special smelling oils for their car, a free magazine to read. Work out what special extras you could provide for your customers. This can also help stimulate referrals and get people talking. Do things that really get people excited. A good example for a hairdresser - while a customer is waiting for their hair to change colour, why not offer to go and do some shopping for them. If they need a paper and some milk, offer to go and get it! Or why not ask them to fill out a sheet which asks about their favourite music or movies. You could have it playing when they arrive, and you could have a VCR playing their favourite movie. Depending on your profit margin, these ideas are certainly possible.

E) Send gifts and thank you cards ... this is a good one if your profit margin is low, your customers are already loyal or you only see your customers every couple of years or so. Why not send them newsletters, thank you cards and the occasional gift. Books are fantastic gifts - you can go to the publisher and say you'd like to buy 1000, so you want a special rate. *You can even find out of print books and arrange the rights so that you can print them yourself.* A book shows real thought and helps build rapport - you can write a letter than says 'I read this book, I thought it was great and I'm sure you'll enjoy it too'.

So once you've decided upon the loyalty system that you believe will work best for you, you now have to decide how to promote it to your customers.

Here are the different ways ...

A letter ... writing your customers a letter is a great way to tell them anything. It lets them know that you have their name and address, which in some ways makes them feel special.

Also, you get to write down the benefits of being in the loyalty club and promote it in identically the same way to all your customers.

When you are speaking to each customer and telling them about the loyalty club individually, you'll find yourself getting bored with telling people about it. You may also forget, or occasionally not have the time to explain it properly.

A letter solves these problems - you do it all at once, and in exactly the same way with every customer. Of course, it does mean that you need an up to date customer list.

You'll find some examples of letters for loyalty card letters in the final sections of this guide.

It's a common misconception that you have to be a great writer, or some wizard with words to write a letter that works.

That's rubbish - most of the most successful letters are written by people who know the people they're writing to, and know how to come up with a good offer. Their writing skills are irrelevant.

If your loyalty club is simple and appealing, it doesn't matter how you get the message across.

Here are some basic guidelines ...

It might sound funny, but most people won't even know.

Be Brief: You don't have to be great writer to write a good letter, but there is one sin you don't want to commit - getting off the point, or rambling too long. If every word and every sentence says something important to the sale, fine. If your letter is full of guff, people will lose interest very quickly. The same applies if you stray from your initial intention and message.

Your headline: Tell people exactly what they will get out of reading the letter ... with your loyalty club letter, it should be simple. You could just say 'now you're a member of our VIP club, you'll get all of this ...' then list the benefits. Or alternately, something like 'Good news!'. These headlines have already been proven to work well. Try coming up with your own. Just make it simple, and ensure that it expresses a benefit.

Create a strong introduction ... the first couple of sentences are important. They tell people whether they should read on in depth or start skimming. Get straight into the details of your loyalty club. Let people know straight away that this is a letter that is GIVING them something.

Include a strong, specific call to action ... if you don't tell people what to do, they probably won't do anything. Give them precise instructions on what to do - for example, 'put this card in your wallet now, and make sure you present it next time you come to dine with us'. It may be an idea to put a time limit on it too - 'this card needs to be used in the next 28 days'. Be careful though - a time limit may be perceived as too pushy in some cases. You be the judge.

Include concise body copy ... the body copy is the actual text between the intro and the call to action. You don't need to be a great writer to do this part well - it's more important that you get the point across clearly, in as few words as possible, and in logical order. After you write your first draft, go through and edit viciously - that is, cut out any sentence or word that doesn't need to be there. Next, read it aloud and make sure it flows. Lastly, have a couple of people check through, and ask them to tell you what they got out of it.

Use a PS ... One of the most important aspects of the copy is the PS. In fact, the PS is often the most read part of the letter. It pays to include a major point right at the end - for example, an extra special bonus if they use the loyalty card within the next couple of days. People tend to read the PS because it's unexpected - they are surprised that someone has forgotten to include something. Some professional copywriters use up 3 or 4 PS's and write up to half a page for each. It sounds crazy, but it seems to work.

Make the layout 'fun' ... when writing your letter, forget everything you learned in school about writing a 'business letter' (for some people, that shouldn't be too hard). Indent paragraphs, splash bold throughout, use bullet points and give everything lots of space. If you look at your letter and think 'my god, that's a lot', you need to take another look at your layout. Perhaps it needs to be spread out. Or maybe you need to take a paragraph and put the main points next to bullets.

Watch out for letters that are too long or too short ... The number of pages is less important than the actual layout. If spacing it out spills the letter over onto 3 pages, rather than 1, that's ok. Just as long as it looks 'fun' to read. There's a common perception that a 1 page letter will always be read. There's some truth to that, but there's also a lot of mistruth mixed in there too. If the letter is packed solid with text, just so it'll fit on one page, people will be more turned off than if it were 4 pages and spaced.

Avoid anything that's hard to read ... type your letter in a standard font: Times New Roman or Courier. Whilst another funny font may look 'nicer', it'll be hard to read. Remember, people aren't interested in playing games by trying to decipher your bizarre typeface - they just want to know if they should bother reading, and if they like what they read, what they should do. Don't make things confusing - it'll only obscure your message. Avoid being an artist - be a business person.

Follow up with a phone call ... If you mail your customers a letter, then call soon after, you'll be surprised by the leap in response. People have the chance to ask you questions, and you'll help further forge your relationship.

Face-To Face ... Telling people about your loyalty club can work well. It gives the customer a feeling that they've been chosen.

There's no better time than after you've been speaking for a while, and you seem to have developed a little rapport. It's almost like if you were speaking to a member of the opposite sex and they said, 'by the way, do you have my phone number', or 'have you heard about my party?'. You feel as though you've been so charming and witty that you've just been accepted into a club.

Of course, the opportunities to create such moments are rare. Usually, it's a little less magical, but that shouldn't stop you introducing people to your loyalty club.

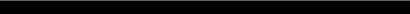
Just ask them 'are you a member of our loyalty club', or even better, 'I've seen you in here heaps of times - you're a member of our loyalty club aren't you?'. They'll then say 'no' and look confused.

You could then lead on with (using a restaurant as an example) 'but you know that every 6th meal is free, and you get priority seating, plus a 15 minute guarantee on every meal, don't you?'. They'll again say 'no' and feel like they've been left out.

You can then say 'well, let's fix that right now - let me get your details and give you your VIP card immediately'. When they tell you their name, there's nothing wrong with saying something like 'Robert, I thought it was, but I couldn't quite remember'. That gives the customer the impression you've been noticing them, which again, will make them feel special.

Once you get their details and give them the card, run them through the benefits of being a member. Every time they come in, make sure you ask them 'do you have your card there?' - you need to help train them. Soon it will become habit.

In-Store Flier ... If you have plenty of customers or are usually too busy to sit down and introduce every customer to the club personally, a flier can do the job.

Just create a small flier that explains the benefits of being part of the VIP club. When the customer has finished buying whatever they are buying, just say 'you're a member of our VIP club, aren't you?'.


They'll say 'no, what on earth are you talking about'. Hand them the flier and say 'just read this - I think you'll like it'.

Phone ... Instead of mailing your customers a letter, why not phone them directly and explain the loyalty card.

This method will work best when you only have a small number of customers and you have good relationships with them.

If you have 2000 customers who barely know you, you'll find it pretty hard going calling them all cold. Best for service business that work one-on-one with each customer.

5. When (To Introduce People To The Loyalty Strategy)

Once you've worked out what you're prepared to give your customers in exchange for their loyalty, you need to work out when the ideal time is to introduce them to the loyalty system.

In some cases, you need to do it on their first visit. This needs to be done delicately. You can't really say 'I know this is the first time I've seen you, but I think of you as one of our most important customers'. People will see right through that.

If you're going to hit people with the idea straight away, it has to be more a 'regular customer card' or 'frequent buyers rewards program'.

If you have a suspicion that many of your customers come to you once, find out that you don't do anything special and then leave you for someone else, you need to get them straight away.

If you get people coming back pretty regularly anyway, it may be worth delaying the card until later. Then it can be called a VIP Card or a Special Customer Card. It will have the impact of encouraging them to come back more often.

6. What else (do you need to think about)?

Use this section as a final checklist - once you're happy with your loyalty strategy, run through and make sure you're ready to get started. Here are a few things you may not have thought of ...

Staff Training: Do your staff fully understand the strategy you've implemented? It's important that they understand the vital role they are to play in this strategy.

Check Stock and Staff Levels: It's unlikely your loyalty campaign will bring in hundreds of extra sales (very few actually do), but you need to be prepared for a sizeable response. There would be nothing worse than having a rush of extra sales only to find you have no stock or are too busy to take advantage.

Creating Powerful Offers

So what is a great offer?

When thinking of what to offer your customers ask yourself - 'If I read this, would the offer be good enough to make me respond?' If the answer is no, then go back to the drawing board. Without a great offer, you cannot achieve great results.

Here's some examples of powerful offers ...

- ¹ Free haircut - For a hairdressing salon looking to increase its database.
- ¹ 2 Steak Dinners and 2 Glasses of Wine for \$10 - Restaurant recruiting members for its VIP Club.
- ¹ 1 New Release Video and a Large Pizza for \$3 - Video store promotion to recruit new members.

All of these offers have a 'too good to be true' ring about them and are sure to get a great response. Weak offers will cause your ad to fail. Understand that your offer is the part of your ad that gets your customers to act now, and to buy from you rather than your opposition.

Here's some examples of weak offers ...

- ¹ 10% Off - This is not a big enough discount to generate interest. Of course, it will depend on the size of the purchase.
- ¹ Call now for your free colour brochure - So what? Everyone hands out brochures. Unless the product is something incredible, people won't respond.
- ¹ Buy 9 and get the 10th for 1/2 price - No one would respond to this offer. It's too small.

Types of offers ...

Here are some possible offers that would be worth considering ...

The Added Value with Soft Dollar Cost ...

Soft Dollar Cost refers to products, services or added extras that you can combine with your standard product to make it more attractive and increase its perceived value, but don't add much if anything to your costs.

For this strategy to be effective the added extra must have a high perceived value, in other words your customers must see the added benefit as being great value.

The Package Offer ...

By packaging products and services together you create a more marketable combination. There is a higher perceived value when products or services are packaged, your customers will want to buy more, simply because of the extra products they get when buying a product they already want.

One of the best examples of a great package is computer equipment. Buy the hardware and receive the software for free. This style of offer is very attractive to potential customers.

Discounts vs. Bonus Offers ...

More often than not discounting will cost you profits. A far better way of clearing stock and generating extra trade is to have a 2 for the price of 1 sale. Or, try a buy one of these and get one of these FREE. The other way of putting this offer is every 10th purchase free, or when you spend \$100, we'll give you \$20 off your next purchase.

Valued at Offer ...

If you are including a free item in your ad, make sure you value them. For example - RING now for your FREE consultation, normally valued at \$75. This positions your time, product, or service much more than a simple free give-away that people won't value or appreciate.

Time Limited Offers ...

Place a time limit on your offer, it will dramatically increase the response rate because it gives people a reason to respond right now. Place urgency in your offer ... For a short time only ... Call before such and such ... Only while stocks last. These will all create a sense of urgency in your consumers mind.

Guarantee Offers ...

Using a guarantee offer is a great way to boost the response to your ad. People will be far more willing to part with their money if you take the risk out of the buying decision. The better the guarantee you make the higher your response will be.

FREE Offers ...

Giving away something absolutely free (no catches whatsoever) is often a brilliant way to build a loyal customer base. Offer a "bribe" to get them in the door initially, then great service and products to encourage them to come back. This type of offer can reduce your "cost per lead" dramatically.

Example 1

Here's what you get when you're a Lyons Organic Soils VIP Card holder ...

- ¹ A special gift on every purchase ... potting mix, plants or a dinner for 2 ...
- ¹ A surprise on your 10th purchase ...
- ¹ The best service and advice ...
- ¹ Below cost delivery service ...

Good morning NAME ...

Thanks for your purchase with Lyons Organic Soils.

Your decision to come to us tells me you value quality - and that your number 1 concern is how well the product works. That's what we are concerned about too ... and why we confidently give our personal seal of approval on everything we sell.

As a small token of my appreciation, I've sent you a special Lyons VIP card. As mentioned above, it entitles you to bonuses, just for dealing with Lyons. You'll notice I've also included 2 extra cards - these are for your friends ... please pass them on.

Thanks NAME, and we look forward to speaking with you soon,

Keith & Enza Lyons

Lyons Organic Soils

PS To become a member of the VIP club, you just need to call up and claim a gift I've arranged for you - a FREE bag of potting mix (you don't even need to make a purchase!!). Likewise, your friends are entitled to the same gift - once they collect it, their cards will be validated. Do this today - please call first.

Example 2

Here's some fantastic news from Eaton's Florist ...

How to save on your florist fees ...

Good morning NAME ...

Before I let you in on the good news, let me just say thanks.

It's been a pleasure supplying [business name] with flowers, and I hope our association blossoms (if you'll pardon the pun) into a long one.

But here's why I'm writing to you ...

From this point onwards, every purchase you make with Eaton's Florist earns you 10% credit dollars. For example, if you spend \$100, you'll receive \$10 worth of Flower Dollars.

At your current level of spending, you'll earn around \$x per month in Flower Dollars. You can use this credit towards anything from Eaton's Florist, and there's no time limit.

And here's the truly exciting part ...

You'll notice I've included an envelope with this letter - it contains [number] staff VIP cards ... just give each of your employees one of these cards - I think they'll really appreciate it. Here's the 3 reasons why ...

1. They'll be entitled to special VIP delivery ... either the flowers get there within 4 hours of their call, or they're FREE ...
2. They get FREE wrapping ... on any purchase, no matter how small ...
3. Every time they spend over \$20 on flowers, they'll receive a FREE box of Roses chocolates ... the classic combination ...

And here's how these staff cards will help YOU ...

Every time one of your employees buys flowers through Eaton's, you'll receive 10% of their purchase as credit dollars.

Let me illustrate with an example ... if someone from your organisation buys a bouquet for \$45 and flashes their card (or mentions it over the phone), \$4.50 is credited to your account.

And this happens every time the person flashes the card (even if they've ceased working with [business name]).

So here's what you need to do ...

Simply distribute the cards amongst your workers - you might want to send a short memo around, explaining what the card is for. If you don't have time, just hand them out - everything's explained on the back of the card.

And remember, every time you, or one of your employees makes a purchase, you'll receive 10% back in credit dollars. You'll receive an update of your credit dollars every month.

I'll give you a call later today, just to make sure everything's crystal clear ... look forward to speaking with you then,

Peter Eaton

Eaton's Florist

PS Here's some more good news - I've included your last two purchases in the new system ... that means you already have \$z credit dollars. I'd appreciate if you could return the favour and hand the cards to your staff. All the best ...

Example 3

Here's 6 reasons why life smells sweeter when you're a West Harbour Flowers VIP card member ...

(It's easy, instant and FREE)

1. Every 10th order FREE (plus an extra gift) ...
2. Guaranteed delivery in 2 hours ...
3. Access to a members only 0800 order line ...
4. Telephone reminders of special occasions ...
5. Regular exclusive offers ...
6. A free rose for one person of your choice ...

Good morning NAME ...

You read correctly - all of the above is yours when you choose to become a West Harbour Flowers VIP card holder.

Faster than you can ask 'what's the catch', I'll tell you up-front - there isn't one. See, we'd like you to call us every time you need flowers or gifts, and for that reason, we're making you a very special offer.

When we call you tomorrow, simply give us your details and you'll automatically become a member of our VIP club.

You'll see the benefits almost immediately - starting next week, when we send a person of your choice a FREE rose. After that, you'll get the most incredible service on flowers anywhere in NZ - guaranteed delivery in less than 2 hours, a members-only freecall orders number, regular updates on our latest specials and more.

And that's not even the best part ...

The card included with this letter entitles you to every 10th order free (anything to the value of the average price of your previous 9 purchases).

And when you've completed your card, you mail it in for a special gift and entry into our regular mystery weekend competitions (drawn fortnightly) - you could end up anywhere in NZ, Australia or the South Pacific.

And even better than that ...

West Harbour VIP club members never forget their anniversaries, their best friends' birthdays or Mothers Day. Why?!! Because we call and remind you every time. If you'd like us to automatically send out their favourite flowers, just dictate a message, and we'll get them out.

And remember - we don't just sell flowers ... choose from a range of balloons, baskets, teddy bears and gifts. Of course, all of this counts towards your FREE order.

A member of my team will call you tomorrow, run through a couple of questions and add you to our VIP members list.

Thanks once again, and I look forward to a long and happy association,

Ann-Maree DeVos

West Harbour Flowers

PS We keep track of your purchases on computer, meaning you can order over the phone. The card is for your reference - just mark off a square each time you make a purchase.

PPS Remember, to celebrate your membership, West Harbour Flowers will send a person of your choice a free rose.

Example 4

New from Q-Data ... the Q-Club Card ...

Good morning NAME ...

Thanks for your business. In appreciation, we'd like to make you a Q-Club member - I've sent your card with this letter.

Here's how the system works ...

There's 5 'star' levels. Each time you move up a level, you'll qualify for just that little bit more. Here's what I mean ...

Level 1	Level 2	Level 3	Level 4	Level 5
Same Day Delivery				
Bi-Monthly Newsletter				
First Offer On Specials				
Q-Dollars Every Time You Purchase				
Access To Q-Data Website				
90 Minute Express				
Metro Delivery				
Cross Promotion To Q-Data Clients				
Bi-Yearly Cocktail Parties				
Automatic On-Site Re-ordering				
Gifts & Truly Awesome Service				

There are particular criteria for each star level. I won't go into that now - I'll leave that for when I phone you later this week.

I've also included a few stickers with your Q-Data number - stick these on your printers, computers and scanners ... just as a reminder to use your card.

I'll give you a call in the next few days, just to check that you've received and understood this letter. I'll also let you know what star level you are now, and what you can do to reach the next one.

Look forward to speaking with you soon ...

Michael McKergow

Q-Data

PS When we speak, I'll also be asking for the names of a couple of people you think would also like to be Q-Club members. I'm not offering this to new customers - only loyal current customers and their associates.

Example 5

Here's how to get one of these 5 classic books FREE ...

Hi there ...

Before I say any more, let me simply say thanks for your purchase with Zen Gallery.

Your decision to visit our store tells me that you're interested in making positive change in your life - and I'm willing to bet that you've got at least 2 friends with a similar passion.

For that reason, I've included 2 Club Zen cards - each already stamped with a \$20 purchase. Give the cards to 2 people you know would appreciate them. They'll be well on their way to becoming Gold Card members.

Of course, you'll also be introducing them to Brisbane's premier personal growth store, a favour I'm certain they'll thank you for.

And that's not all. When your 2 friends bring their cards in and make any purchase over \$5, I'll happily send you a small gift - a book of your choice from the selection above. This is simply a token of my appreciation, and in keeping with one of my favourite sayings "The man who shares knowledge freely will always be rewarded in the most favourable way."

Thanks once again, and I look forward to seeing you in-store soon,

Garry Heiner

Managing Director - Zen Gallery

PS Owing to changing stock, I can only make this offer for the next 28 days. Keep these cards in your wallet/purse and pass them on next time you see your friends.

Template 1

YES ... we've made you a

[business name] Preferred Customer Card holder ...

¹ [benefit 1]

¹ [benefit 2]

¹ [benefit 3]

Good morning NAME ...

Thanks for your purchases with [business name].

Your decision to come to us tells me you appreciate good service, and [something else that sets your business apart].

Please accept this VIP card as a token of my appreciation. You get something extra every time you come and a surprise on your [number] purchase. I won't give it away - you'll find out when you get there.

Thanks NAME, and I look forward to speaking with you soon,

[Your name]

[Business name]

PS This card needs to be used some time in the [time period], and is then valid for [x] years.

Template 2

[Big 6 reasons type headline]

(It's easy, instant and FREE)

1. Benefit ...

2. Benefit ...

3. Benefit ...

4. Benefit ...

5. Benefit ...

6. Benefit ...

Good morning NAME ...

You read correctly - all of the above is yours when you choose to become a [business name] VIP card holder.

Faster than you can ask 'what's the catch', I'll tell you up-front - there isn't one. See, we'd like you to call us every time you need [product type], and for that reason, we're making you a very special offer.

When we call you tomorrow, simply give us your details and you'll automatically become a member of our VIP club.

You'll see the benefits almost immediately - starting next week, when we [do something special for you]. After that, you'll get the most incredible service on [product] anywhere - benefit 1, benefit 2, benefit 3.

And that's not even the best part ...

The card included with this letter entitles you to every 10th order free (anything to the value of the average price of your previous 9 purchases).

And when you've completed your card, you mail it in for a special gift and entry into our regular [competition] (drawn fortnightly).

And even better than that ...

[more service benefits of being a member]

A member of my team will call you tomorrow, run through a couple of questions and add you to our VIP members list.

Thanks once again, and I look forward to a long and happy association,

[Your name]

[Business name]

PS We keep track of your purchases on computer, meaning you can order over the phone. The card is for your reference - just mark off a square each time you make a purchase.