

Key Ingredients For Running A Successful Sale Event

Bob Epstein

"So tell me, if I run a sale event in my store, how well will it do? How much inventory will I sell? How much cash will it generate?" I often get approached with these questions as if I were Carnac the Magnificent of the retail trade. But predicting the outcome of a sale is not a mystical event. It is very much a quantitative science. We start with a thorough review and analysis of historical sales and build an accurate forecast model from there. Of course there are always surprises. Some sales which I think will be minimal turn out to be gangbusters. Others that should be home runs turn into base hits. Such is the fickle nature of the American Consumer, especially in this post-recession era. Having made this disclaimer, there are a few key factors that strongly impact the success or failure of in-store promotions and need to be taken into consideration.

Theme of the Sale.

Now more than ever, the public is being bombarded and enticed with all sorts of sale advertisements offering huge discounts on a variety of merchandise---including jewelry. So just putting up a few signs in your store window announcing a "sale" most likely isn't going to get you much attention or traffic. Having a believable, legitimate reason to run is the single most important component to the success of a sale.

Going out of business and store closing sales are by far the most effective sale events that we run. The public understands the necessity for offering deep discounts and liquidating inventory prior to closing a store or going out of business. Retirement sales are also very effective; again customers understand the reason for this event--to increase sales and generate cash so the owner can retire. Moving sales are not as strong, but still a viable sale theme. So called "promotional sales" do far less but can be productive if there is a creative platform for the sale that makes sense. For example, we've had good success with anniversary sales. The success of such promotional type events depend upon the reputation of the store, how long they've been in business and whether or not they've run promotional sale events in the past.

Seasonality.

Generally speaking a sale that is conducted during the traditional Christmas holiday season will do better than an event run in the summer although GOB and store closing sales are always a draw and do well regardless of the time of year. Promotional sales are impacted more by seasonality than GOB or store closing sales. Spring months (April, May and June) are a strong runner-up to the holiday shopping season and offer the opportunity the store owner to take advantage of Mother's Day and the spring weddings.

Stores that are located in tourist destinations may have their own unique buying seasons. For example we've done some sales in Alaska where summer months are peak with tourists arriving off cruise ships, shopping and looking for bargains. Conversely, and no surprise, stores in Florida do very well during the winter months when snow birds seek shelter and happen to be in town on vacation. So the location of the store may affect the seasonality of the sale as well.

Store Reputation.

A store that has been in business ten years or more is a known entity and hopefully has built up a good reputation and customer good will. Running an anniversary sale for a store that's only been in business two years makes no sense. Even a GOB sale is impacted by the time the store has been in business. Some of our most successful sales have been for stores that are closing their doors after twenty, fifty, even a hundred years.

Independent store owners have a huge advantage over the big box stores when it comes to customer sentiment, good will and loyalty. A well run sale event is the time to convert all that good will into traffic, sales and profit!

Inventory

There's nothing worse than walking into a store during an advertised sale event and seeing empty or sparse display cases. Having an abundance of new and attractive merchandise at significantly discounted prices will help create an exciting atmosphere to shop. A sale event is also an opportunity to significantly discount and move older inventory.

Before we start any sale event we always start with a thorough inventory analysis. We try and determine what were the best-selling categories over the last year as well as the average price point. Having a handle on what sells the best at what price and having that merchandise in-stock for the sale is critical. It's a fundamental rule of supply and demand.

Marketing

Running a sale event with a good theme during a good time of the year when people are buying, and having plenty of inventory is great if people know about it. Running a sale event without an effective marketing plan is a little like an orchestra playing in an empty auditorium. We've obviously got to generate traffic to get sales.

In our experience, every store and every sale event is unique---so the marketing plan varies from store-to-store. For stores in malls, there are usually signage restrictions. For GOB sales there are state laws governing the duration of the sale. Within the context of these restrictions we always look for the most economical way to generate as much traffic as possible. This is where having an up-to-date customer list on a computer is vital. Offering preferred customers an additional discount is a great way to kick things off. Direct mail to existing customers is still a very effective means to advertise.

Radio or cable TV spots can work but space ads in large metropolitan newspapers tend to be cost prohibitive. Ads in local papers are a good alternative. Sign walkers are incredibly effective and cost efficient. And finally, appropriate in-store signage as well as merchandise sale tags (was/now tags for example) are vital.

There's nothing vague or mystical about the key influencing factors we've just discussed. While you may not be able to predict the exact outcome of the sale, taking these key ingredients into account while planning your sale will help you maximize the potential for success.

Bob Epstein is CEO of Jewelry Advisors. Offering a legacy in sales strategies for jewelers since 1945, Jewelry Advisors provides guidance to store owners seeking to turn around a business, sell off unwanted inventory, or liquidate an entire store. With offices located in Charleston, South Carolina; Boston, Atlanta and Canada; the company helps jewelry store owners and chains formulate strategies designed to maximize revenue in times of transition, whether due to retirement, store closing, or simply when needing a boost in sales. For more information, visit jewelryadvisorsgroup.com or call Bob direct at 1-843-881-3383.