



Buying better for a great return on investment

Get the buying process right and your promotions and incentives will win over consumers.

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Promotions and incentives are big business. Consumer motivation strategies such as on-pack promotions, merchandise, vouchers or money-off coupons continue to play an important role in the marketing mix. In fact, the size of the motivation market in the UK is worth about £6.3bn. Yet, successful promotions aren't always guaranteed. It's easy for marketers to buy into a "one size fits all" promotion, but 2008 should be about getting the buying process right.

The two essential components to a successful promotional campaign are relevance and communication. Marketers need to make the right choice of promotional tool for the recipient. Promotions can open the door to a world of experiences, all of which can be rewarding and inspiring, but they won't be effective unless they are relevant to the recipient. The promotion needs to be useful and the quality of offer has to be tangible. Quality cannot just be perceived, it must be experienced, for instance, through regular, excellent customer service, and enjoyed through extra added value.

Second, there is communication. A product or service, however excellent, is of no use unless people know about it, understand it, and appreciate why it is better than a competitor's offering. Retailers, promotional issuers and marketers have a role to play in communicating the advantages. A well-planned communication channel to consumers is essential, but marketers should not forget that communication is two-way. Customer feedback presents opportunities to make promotions even better.

When choosing a promotion, marketers should look at their buying process and reassess at every stage. For example, gift vouchers and cards play an important role in promotions and incentives. With a changing array of services and products on offer, the shopping voucher and card are of prime importance in the marketing mix, bringing flexibility, convenience and a perceived higher value than cash. However, marketers should forget about comparing what discounts they can get from different suppliers and instead concentrate on the best choice in terms of relevance to the consumer.

We actively tell our customers to spend less

with us and invest more in their communication methods. The more invested in communication, the better the return on investment.

Let us not also forget added value. Consumers are looking for, and in some cases expect, more than just face value. It's worth marketers investigating the added value that a supplier can offer. This added value could be something they could pass on to the recipient, which could take the form of discounts, promotions or giveaways. We set up the SayShopping Privilege Club this year to give useful added value to our customers, which includes monthly prize draws and downloadable money-off coupons for extra discounts with our retail partners.

Rise of e-commerce

Technology will continue to impact on our industry. The spectacular rise of e-commerce through the internet has changed everything. The UK is now Europe's largest online shopping market. This has been possible, in part through cheaper computers, more widespread broadband connections, and the proliferation of retail websites. Indeed, UK retailers are widely viewed as being the most modern, most innovative and most active in Europe. The internet gives marketers an exciting and adaptable platform to access consumers. Promotions and incentives will have to adapt and reflect consumer needs, and suppliers should be one step ahead of demand. In 2008, marketers should look out for an increased presence of gift cards (plastic credit-card-like vouchers), online e-vouchers and coupons, and SMS promotional added value.

So what does the future hold? Where will promotions and incentives be this time next year? Well, if marketers take heed and find ways to improve their buying power, they will benefit from more efficient, more consistent, and more cost-effective promotional programmes. Old-style, random or one-off promotions will decline. Promotions and incentives will become the home for motivation. Ultimately, marketers will themselves benefit, not only from inspired consumers, but also from the tangible return on investment they've made into "buying better".
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Added value: Marketers should focus on relevance to the consumer, rather than seeking discounts from voucher suppliers