# **HOW TO COUPON**

Are consumers in your market more bargain conscious than ever? It seems that way, which makes couponing an effective way to attract customers. Here's how to do it right.

## WHY COUPON?

You might wonder why you need to coupon in the first place. It's simple. You coupon to get the value conscious buyer to take action. My parents lived through the Great Depression. The frugality imposed upon them by the Depression impacted them the rest of their lives.

I believe the Great Recession and Pathetic Recovery have similarly effected people. No, people don't fold, save, and re-use foil like my parent's generation, but most people are no longer willing to pay full retail. Couponing helps people take action. The expiration date provides a sense of urgency. Together they strengthen your call to action.

What sounds better to you as a consumer... 10% Off or \$30 Off? It depends on the expected price, right? But consumers - most consumers, anyway - do not know what to expect for a service call. They think anywhere from \$100 to \$300. This makes \$30 sound a lot more attractive than 10%. If your average ticket exceeds \$300, then it saves you money as well.

#### **REDUCED SERVICE CHARGE**

Another approach is to promote a special low response charge. This might be your service call, trip charge, truck charge, diagnostic, or some other name for the flat rate price to get your trucks to the homeowner's door to look at her problem.

## BUNDLE

Instead of taking away from the price, bundling allows you to give something extra. For example, an air conditioning contractor can give the homeowner a free digital thermostat on every service call. A plumbing contractor can give away a water alarm. Electrical contractors can give away a smoke detector or carbon monoxide alarm. For that matter, you can offer a free gift that has nothing to do with your industry. A lot of consumer electronics like digital photo frames, Blue Ray players, and Google's Chromecast cost in the \$30 range, but carry a higher perceived value.

## **AIRLINE MILES**

Another promotion is to give away airline miles. You can buy blocks of 500 miles for less than \$15 from most major airlines. If your city is a hub for a major airline, you can offer miles on every service call, piggybacking on the airline's loyalty program.

## **COUPON CHOICE**

If you do not know what offer will work best and do not feel you can test the offers, print alternative coupons on the same page. Call it a consumer choice offer. Choose the free gift or the miles, the discount of the bundle. Be sure to record your results.

## **REMEMBER THE EXPIRATION DATE**

It is important that you always give a coupon an expiration date. The date provides the urgency to act now.

### **OTHER OFFER DISCLAIMER**

Because consumers can be very clever about stacking coupons that might lower your gross margin below breakeven, always include the disclaimer that this offer may not be combined with other offers.

#### HONOR COMPETITOR COUPONS

If one of your customers would prefer to do business with you, do not let the lack of a competitive offer drive them away. Let your customers know you honor competitor coupons. A few might scramble through Val-Pak searching for an offer to present before every service call, but they will be the exceptions. Mostly, you will be keeping people from calling the competitor because their preference for you is not strong enough to overcome the need to save.

Whether you like it or not, couponing will only go away when a robust economy returns and maybe not even then. People want value, not necessarily to save money, but to sate a psychological need. © 2014 Matt Michel

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