

# Measuring the Effectiveness of Promotions

JustEnough Software Provides Strategies to Help Retailers Accurately Determine How Well Their Holiday Season Promotions Performed

By Dan Pahomi and Peter Leith

Promotions are a key element in any retailer's arsenal of tools to help drive customer traffic. They are especially important during the holiday season. And, in an economy still fraught with uncertainty, some customers are hardwired only to purchase products on sale. Promotions are crucial for retailers to communicate when new products are available and when they are offering discounts for the items their shoppers want to buy.

With the holiday season around the corner, most retailers have already locked in their merchandise and assortment plans. They are now concentrating on how to tackle their promotional plans to capture market share and increase profitability during the most important selling season of the year. Their goal is not only to drive up traffic to their brick-and-mortar and online stores, but also to grow their customers' average basket size for each transaction.

However, two major shifts in the retail landscape are changing the way companies think about the way they plan promotions. Consumers are no longer relying on print ads, circulars, coupons and flyers and are tapping into new avenues to find deals on products they want. Social media sites – like Facebook, Dealfind, Groupon and LivingSocial – are gaining attention for their ability to help businesses accurately target the right audiences with their promotions. Over-reliance on traditional forms of advertising may hinder a retailer's ability to reach new and existing customers. Secondly, the onslaught of data that retailers now have access to via loyalty cards and online sales has led to the realization that promotions should not simply be an arbitrary effort to increase traffic and reduce stock levels. Rather, promotions should be an integral part of their overall planning process.



## Reevaluating the Way Promotions Are Measured

Before promotions can be wrapped into a retailer's overarching plan, the company must first establish a baseline for how its promotions have performed in the past. Most retailers leverage sales history from the previous year to create their holiday promotions. The problem with doing it this way is that it's not based on current data or trends. Even if they begin analyzing the effectiveness of their promotions at the start of the season, without advanced technology most retailers won't have an accurate understanding of how well their promotions performed until a month or two after the season is over. This delayed view into the effectiveness of their promotions impedes their ability to adjust campaigns midstream to increase sales or positively impact in-store and online traffic.

What can retailers do now to make the most of their holiday season promotions? **JustEnough Software**, a leading provider of demand management solutions for retailers, distributors and brand owners worldwide, offers the following strategies to help companies get on the right track to better promotional planning:

- 1. Start with the data.** First and foremost, retailers must have accurate, complete data in order to analyze the effectiveness of their promotions. Many retailers flounder on this first step because they don't have a complete view into data generated from past promotional efforts. They should know if a product was promoted online, in print or if it was part of an email campaign. From there, they should know details at a more granular level – for example, what was the click-through rate for a product promoted via an email campaign to customers? If it was advertised via a social media or online, how many customers came through that channel and bought the product?

Or, if it was promoted in a newspaper or circular, what as the ad size and what page was it printed on? Where exactly was it distributed geographically?

Advanced technology makes it simple for retailers to gather this type of information and then analyze it for future promotions. To prepare for the upcoming holiday season, retailers should consider implementing systems that are designed to collect, consolidate and analyze promotional data.

**2. Seek out new channels.** While more traditional methods of promoting products – such as TV and print advertisements, direct mail or catalogs – may still be effective, retailers need to explore other ways of reaching their target audiences. Email campaigns are even beginning to sound antiquated as more and more people rely on alternative channels for communication and information. Many retailers have already embraced social media and are creating multi-channel merchandise and assortment plans. They should also consider how new channels like Facebook and mobile commerce, or m-commerce, can impact the effectiveness of their campaigns and grow their customer base. Unlike print or TV advertising, promoting products through social media and online channels takes a lot less time to plan and execute. And, adjustments to such promotions can be made almost instantaneously.

**3. Make it part of the process.** Retailers should make analyzing the effectiveness of their promotions part of the overall planning process. All too often, this important step is simply an afterthought. Merchandisers should be trained to leverage new solutions designed to help analyze the effectiveness of their promotions – and then use that data when they plan future campaigns. This change in routine could be met with some resistance, especially for companies that have relied on their planners' promotional insight (albeit anecdotal) for many years. Retailers may consider giving their planning teams incentive to leverage new technology to help them better analyze the effectiveness of their past promotions. One way is to make their year-end bonuses heavily reliant on meeting goals set for product categories. Doing so can help a retailer increase sales and profitability during the upcoming and future holiday seasons.

## Achieving Bottom-Line Results With Better Insight Into Promotions

Retailers that decide to install best-in-class technology, seek new channels to promote their products and make measuring the effectiveness of their promotions part of their overall planning process before the holiday season will benefit tremendously. With better insight into what the market will bear for a particular product, their merchandisers will be able to plan effective promotions to drive up online and in-store traffic and increase sales. As a result, retailers will avoid making unnecessary inventory investments, leading to lower product obsolescence and higher profit margins at the end of the holiday season.

To learn how JustEnough can help retailers improve their promotions planning practices, please visit [www.justenough.com](http://www.justenough.com).

## About the Authors



Dan Pahomi brings 16 years of experience in the advertising and promotion technology marketplace. He has held senior executive positions with DemandTec and Connect3 Systems. Pahomi possesses a high degree of domain expertise in retail software as it relates to the planning, management and execution of promotions.



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## About JustEnough

Founded in 1994, JustEnough is a global leader in Demand Management solutions. JustEnough services more than 500 of the world's leading brands including Allocation and Replenishment of inventory at **Kenneth Cole**, Merchandise and Assortment Planning at **Levi Strauss**, Sales Forecasting at **Kraft Foods**, Inventory Planning for **IDS Group (Li & Fung)** and **Nissan**, and Mobile Sales Force Automation at **SAB Miller**, **Cadbury** and **Heineken**.

**OnCloud**, **OnSite** and **OnMobile**, JustEnough's Demand Management solutions help retailers, distributors and brand owners to forecast their customer demand, plan their assortments, allocations and inventory, shape their demand and then execute on those plans. JustEnough is headquartered in the United States with offices worldwide. Learn more at [www.justenough.com](http://www.justenough.com).