



## Ask SCORE for Business Advice

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### **Regular or Full Price?** by Tina Dettman-Bielefeldt

A few weeks ago, a person wrote to the Press-Gazette Opinion Page and suggested that retailers would be smart to ignore the price cutting efforts of their competitors this holiday season and sell at full price. The author reasoned that the price-cutting stores would eventually put themselves out of business while the full price store maintained its margins and profited. This is an interesting proposition, but does it make sense in the real world?

Paul Lotto, SCORE volunteer and marketing/ business teacher at Ashwaubenon High School, thinks that sales promotions are vital for most businesses. “The main purpose of a sales promotion is to increase foot traffic in the store. Stores want you to come into the store to buy the item on sale, but then they will use smart merchandising techniques to make you see other products they also want you to buy,” Lotto explained. “The intent is to get you in the store for the item on sale and then get the customer to buy more before they leave.”

Lotto said that the end result of a successful sales promotion is that additional foot traffic results in increased sales volume. This gain should more than offset the small loses the store takes on the few items that were put on sale. Stores that have strong marketing plans usually include sales promotions in the mix. It’s a tactic that is part of the overall strategy.

“Another point that readers may find interesting is that stores have sales planned well in advance. When they buy merchandise they know how long those products will ‘not’ be on sale, when they will put them on sale, what price they will charge before they are on sale and when they are on sale, how many items they will sell before and during the sale, and what profit they should make in the end when everything is sold,” noted Lotto.

The goal is to attract customers and awe them with merchandising once they’re in the store. Lotto said that stores should keep their look fresh by moving merchandise around, and placing sales items throughout the store so that customers will be exposed to everything the store offers. As far as a magic formula for marketing, Lotto said that the objective should be to attract as many people as possible for the least amount of money. This will vary from store to store.

Lotto said, “Business owners need to market to their customer in ways that work the best for their business. There is no advice that can be given to all businesses except keep track of what you spend on marketing and measure the marketing’s effectiveness from one year to the next.”

Knowing the effectiveness of marketing will aid in making pricing decisions and in standing out from the competition. Lotto says that business owners should try to make their business the place customers want to go in order to get the product or service they need. Price is important, but it isn’t the only factor to be considered.

If you’d like help with your holiday plan, contact the Green Bay Chapter of SCORE. Visit [www.greenbayscore.org](http://www.greenbayscore.org) or call Cindy Gokey at 920-496-8930 for information.

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