The Secrets of Signing

THE WILD, WILD WORLD OF WOBBLERS, DANGLERS, AND PROMOTIONAL ADVERTISING.

As a kid, I hated shopping at a certain clothing store. With every bit of floor, wall, and ceiling space bulging with goods (and signs promoting their sale thereof), I was forever bushwhacking my way among towering aisles overstuffed with coats, shirts, jackets, pants, and everything khaki.

Adding to my discomfort was the standard carnival huckster-like approach of the store's owner, Mr. Fiddler. No matter the size of my mom's purchase, he would always pepper her with suggestive add-ons:

"How about a belt today, they're two for one?"

"Tube socks are on sale, every colour you could want!"

"Our gumball machine now has prizes!"

I truly hated that guy (besides coming across as pushy, he smelled like fish sticks). But you know what? My mom would typically leave with a belt. And at least two pairs of brown socks. And I would leave with a gumball – or prize – an equitable reward for my trying on corduroys, Hush Puppies, and sweater vests (seriously, how humiliating was it to be an eight-year old in the 70s!).

While the Mr. Fiddlers of the retail world have mostly moved on to loftier places, the concept of suggestive selling is flourishing, with a variety of visual tools that retailers rely on to up-sell, cross-sell, and just plain sell. Ubiquitous in-store signage trumpets limited time offers, buy-one-get-one-free promotions, and seasonal closeouts.

But how much do these signs truly assist moving product? Or are they

THE ROLE OF SIGNAGE: THE BASICS

Quite simply, in-store signage works, declared Darren White, Director, Convenience Retail Channel Strategy & Marketing, Coca-Cola Refreshments Canada, explaining that it drives consumer traffic to a brand or product category, directly impacting purchasing decisions. But it's not as simple as plug-and-play. There's a strategy involved in its implementation.

"[First], retailers should target high penetration categories with relevant occasion-based messages," he said. "[Second], the type and messages on signage should vary depending on location within [or outside of] the store. [For example], retailers should employ large signage with simple messaging outside the outlet to encourage consumers to enter the store. Smaller signage with promotion detail can be used at the cold vault where the consumer is in close proximity to product."

But focusing just on the message – size, location – is only part of the equation, said Dr. Julie Baker, PhD, Professor of Marketing at Texas Christian University, and an expert in retailing and services marketing. While messaging is indeed important, equally significant for retailers is an understanding of their customer demographic.

"Retailers need to think about who is their target market and what are their expectations," Baker said. "If you have a target market that shops for price, signage can be extremely effective at point of purchase... Research has shown that shelf talkers and displays drive attention." The reason, Baker said, is one of purchasing decision. "A lot of what people decide to buy, the decisions are made when they're inside the store," she said.

And while the signage "may not be pretty to look at," Baker added, "for most discount stores and c-stores, I think their customers expect to see that and look for that," a different experience and customer expectation from higher-end retail environments.

"If you go to an upscale department store, customers respond more to subdued signage," Baker explained. "So not [row after row] of shelf talkers, but perhaps incorporating discreet racks that offer closeout or sale items is a better way to move product."

THE BOTTOM LINE ON THE BOTTOM LINE

The effectiveness of signage – the specific sales lifts that it generates – is difficult to predict, as many factors are at play. "Location in the store, clarity of messaging, effectiveness of the creative, appeal of the offer, [these] all contribute to the ability to drive volume lift," White said. "For maximum impact, in-store signage should be simple to understand, relevant to the shopper, and include a specific call-to-action."

But it's not as simple as slapping wobblers or danglers proclaiming $1 OFF! alongside every brand. Over-saturation can produce a negative impression on consumers, affecting purchasing behaviour.

"There is a risk of over-cluttering the store, but finding the sweet spot is a mix of science and art," White said. "Examples of methods one can use is dividing the store into shopper 'zones' and limiting the amount of signage within each zone; and having no more than two clings per cooler door at the cold vault."

However, the tipping point is less significant during financial downturns, because as consumers focus on the bottom-line, the risk of over-cluttering is diminished.

"During a recession, when consumers are looking for deals, they'll look past oversaturation, they don't care [as much]," Baker said. (So sign away – at least until oil prices recede.)

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TO SIGN... OR NOT TO SIGN

The concept of signage as it affects consumer purchasing behavior is perhaps best illustrated by the uber-competitive nature of petroleum retailing, where price signage is ubiquitous.

A swing of just a penny or two can dramatically affect consumer purchasing behavior, prompting motorists to drive several kilometers out of their way.

Indeed, the 2011 NACS (National Association of Convenience Stores) Annual Fuels Report revealed that price "is clearly the most important factor in why a consumer selects a fueling location." Along those lines, nine percent of respondents indicated they would drive up to 10 minutes out of their way to save a penny per gallon of gasoline, while more than half (51 percent) said they would do so if the price dropped five cents per gallon (see sidebar).

As such, nearly every fuel marketer posts street sign prices, a frantic call to motorists that seems to say, "Shop here! I'm lower!"

However, not everyone prescribes to the notion of in-your-face fuel prices.

Tom Thompson, vice president of Dubuque, Iowa-based TFM Co., which operates three Oky-Doky food marts, has eliminated street sign pricing altogether from his stores, a move that he maintains focuses customer attention on his overall operations.

"I believe that whether it's gas, fresh milk, or friendly service it's all about trust," Thompson said. "It is our sole and ongoing responsibility to ensure that that trust is earned with every customer visit. We realize this can be a fragile relationship and in many cases we only get one chance to take care of our customer."

Thompson builds trust with an unwavering attention to solid retailing fundamentals while ensuring that his prices are competitive. And since they are (competitive), he sees no need to single them out.

"If price is what differentiates you, advertise price. [But] if everyone in the market is at essentially the same price day after day, that doesn't seem to be much of an attention grabber," he said.

As for the suggestion that his unconventional pricing display philosophy might be costing him gasoline (and therefore in-store) sales, Thompson shrugs off the concern.

"Not installing large price signs makes sense for our locations, it may not make sense in other parts ...," Thompson said. "The assumption is a new customer, for whatever reason, won't stop because there are no posted gas prices. We've been here for twelve years and I'm sure we have lost some sales because we don't post gas prices ... It's something we just chose not to do early on."

THE POWER OF SIGNING

The 2011 NACS Annual Fuels Report revealed that more than half (51 percent) of motorists would drive up to 10 minutes out of their way to save five cents per gallon (1.3 cents per litre) of gasoline. So a prominent street sign promoting lower-priced gasoline is certainly to fuel a marketer's advantage, but how does the consumer fare?

A 10-minute detour – or 20-minute roundtrip – in city traffic that averages 50 kilometers per hour translates to a 16-kilometer trip. For a car that achieves 10.6 kilometers per litre fuel efficiency, that's 1.5 litres...at a price of $1.22 per litre, total: $1.83.

But saving1.3 cents per litre to fill up a 45 litre tank saves 58.5 cents.

Net loss for consumer: $1.25.

Ultimately, whether it's in-store signage, a subtle check-out reminder, or an aggressive sales floor clerk, customers respond to friendly service and quality merchandise, retailing basics that are at the core of any successful operation. And without those firmly in place, even the most attractive sign will fail to produce long-term success.

ALL OF THE PROMO, NONE OF THE CLUTTER

Signage is not for everyone – there's a space requirement, which may be limited (i.e. Mr. Fiddler's store). Additionally, there are labour and cost elements if you're creating the signage yourself. However, there are other ways of pushing product, as anyone who has frequented a QSR in the past decade can attest.

"How about a gallon more for just a dime?" says the clerk as she rings up your 12-ounce cup of soda, an up-sell technique that has become so common that its terminology became the title for a popular documentary film ("Super Size Me").

The verbal promotional offer is a variation of the Mr. Fiddler technique, albeit without the sweaty forehead and relentlessness. It requires little extra staff effort, and it establishes customer engagement, a primary ingredient of sales success.

"Every opportunity to interact with consumers helps support purchasing decisions," White said. "For example, having cashiers verbalize offers [or] reinforce special offers featured on in-store signage versus relying on just in-store signage alone."

Other retailers are taking this "super size" query a step further, honing its effectiveness with a technological polish.

One such tool is the LIFT StationTM , a basket-based suggestive selling point-of-sale solution from Atlanta-based LIFT Retail Marketing Technology, Inc., that integrates with checkout hardware and software, displaying promotions and offers customized to a purchaser's selections.

The concept plays out simply and quickly for customers, with sophisticated, behind-the-scenes POS technology that incorporates store-specific sales data. As a cashier processes a customer's basket, the retailer's marketing calendar promotions, day-part patterns, purchasing dynamics, and item margins combine to produce alerts for shoppers based on each basket's contents.

For instance, if a basket contains a bottle of Coke, as that item is scanned, a message appears on a digital screen facing the customer that perhaps Coke is running a current three for two promotion. Simultaneously, LIFT prompts the cashier to propose to the customer whether he would like to accept the offer ("Would you like to purchase an additional bottle of Coke and receive one free?"). If the customer agrees, the cashier then adds that promotion to the basket total, and after the checkout process is completed, the customer proceeds to take his add-on item(s).

It's a swift up-sell that integrates a retailer's specific marketing calendar, and it's coordinated between checkout screen and cashier, a differentiation from existing POS promotions that LIFT's founder insists generates maximum sales lift.

"Conventional POS programs force a cashier to do the impossible: [remember] multiple product-price combinations and numerous marketing promotions and how to communicate them," said LIFT's founder and CEO Doug Kreup, a convenience store industry veteran whose father opened his first store in the 1970s. "Our technology bridges that gap. It allows the cashier to focus on customer service, and the technology provides a concise sales pitch when an item is scanned."

To date, Kreup said the results have far exceeded a retailer's monthly costs, with retailers "seeing a four and five-fold turn on [the average $400] fee." So for a $400 monthly investment, Kreup said retailers can generate an extra $2,000 per store. And that's all net.

BACK TO BASICS

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"I have no intention to start posting prices," Thompson said. "I'll use my time and money saved from expensive gas price signage to keep this place clean, inviting, and our customers well served."

A welcome sign for his customers.