

WE HAVE A WINNER: HOW TO USE STORE CONTESTS EFFECTIVELY



By Matthew A. Perosi

Contests are a good way to promote your business yet sometimes they yield less than expected publicity results, little financial return, and even zero contest entries.

Jewelry design contests are the most popular types I help implement. This type of contest should allow for designs to be submitted via email, through Facebook, a form on your website, and in person.

Don't limit design submission to only one of those methods; USE THEM ALL.

Contestants are likely to give you their primary email address because winners will be notified by email. This gives you a great way to collect names and email addresses for future marketing. Every contest you run will generate short-term interest with a few sales, but they lead to long-term potential sales through email marketing. The collected email addresses are the real value, and reason for the contest.

Before running any contest, you should already have an email marketing strategy in place; otherwise the contest is nothing more than you giving away your goods and services in exchange for short-term publicity that doesn't generate sales.

A jewelry design contest could be very expensive if you are making the winner's design. Time and promotional costs are certainly a factor for every contest type. You will need to measure the return on the contest expense over a long term, rather than during the duration of the contest. To implement that type of ROI, in your point of sale software, you have to associate all those contestants with the contest. That way, you can amortize the cost of the contest over long-term future sales from those contestants.

Even though people might not buy during the contest period, you should have a target goal of at least two eventual new customers as a result of the contest.

Two customers do not sound like a lot until you think about the lifetime value of each customer. How much does a typical customer spend with you over time? Assuming a \$6,000 lifetime value, with a minimum goal of two new customers, you could allocate \$12,000 for promotional costs and make all your money back through the lifetime of those two customers. If your goal is 20 new customers then you'd have a \$120,000 return on a \$12,000 contest investment.

However, that type of return will never be realized if you don't have a long-term marketing plan that regularly engages the people who enter the contest. Email is the easiest. Contact through social media is also easy, but don't discount direct mail.

With a goal of 20 new customers, you need to make sure enough people hear about the contest and sign up for it. Many local radio stations and newspapers offer contest promotion services. Although it might seem attractive to use these services and allow the newspaper/radio to do all the promotion for you, relying on a single medium to promote your contest always yields poor results.

Radio station sales representatives always show large listener reach but those listeners don't usually respond well to jewelry store contests. A radio station might offer banner



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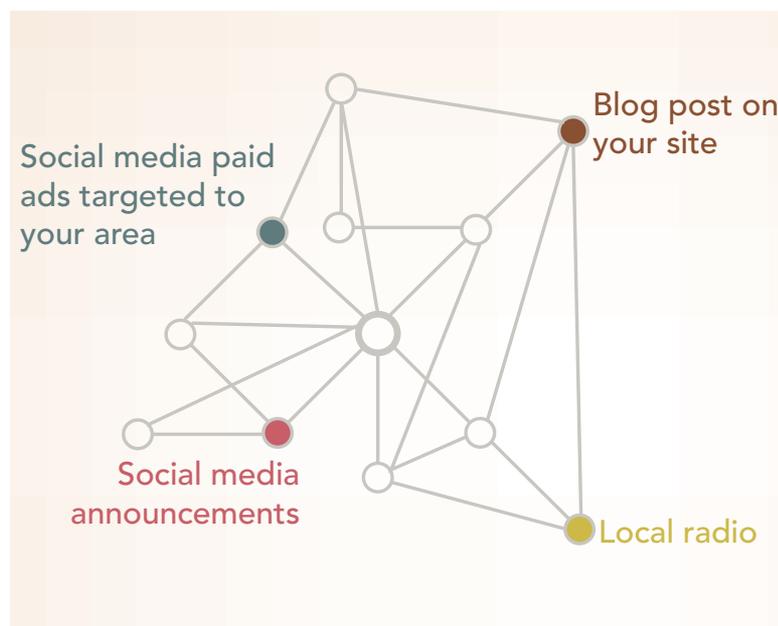


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ads on their website, but that also seems to yield very little results. Newspaper ads don't seem to work for contest announcements either.

The following combination of advertising mediums seems to work best right now to attract new customers:



Keep your target new customer goal and lifetime value in mind and don't spend more on promotions than you can reasonably make back. Facebook ads are very attractive right now because they will reach thousands of new people for a fraction of the cost of radio and newspaper.

Other than new customers, you also have the opportunity to acquire a lot of valuable website information during the contest period. Although Google Analytics is great, you should also set up other website monitoring tools to measure how people navigate your site.

User measurements will allow you to gain insights into the products and services people looked at before entering the contest. What you learn during a contest period could help you redesign your website, or you can just use the collected data to improve upon your next contest.

When considering larger contests with high value grand prizes, like engagement rings, it's better to create a multi-company grand prize with other local vendors who will cooperatively help generate a marketing buzz.

I've seen really successful contests that involved a local florist, tuxedo rental, banquet hall, and limo service. Each of those companies paid for their own promotion of the contest but all the entries were collected by the jeweler. With this type of cooperative contest, you would share all the sales leads with



the other companies after the contest is over.

In conclusion, contests are a good way to build awareness of your jewelry store, but they are only the first step in a long-term marketing campaign that you must follow up. Goal setting and preparations to reach those goals need to be carefully planned.



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Matthew Perosi reports the latest Internet trends and methods that are most relevant to the jewelry industry in his 5-day per week newsletter, available through jwag.biz. Tap into the more than 1,100 free newsletters to guide you towards better usage of websites, social, and mobile. Matthew invites your feedback and questions at matt@jwag.biz or 973.413.8211. Many questions from TRJ readers have turned into great newsletter topics.