

Try these top 10 marketing projects

By Bill Veneris, president of ALERT-IMS

After researching the marketing experiences of scores of rental businesses in North America, ALERT-IMS has developed a list of "top ten" time-tested marketing projects that are proven to be successful tools to attract more business and make your rental business more money. Of course, every rental business is different – and there's no guarantee these promotions will be successful for your particular business environment. The key is to try many projects until you identify those that will benefit your business.

The primary focus of these "top ten" projects is on increasing the utilization of your current equipment inventory. Because rental is a high fixed-cost business, increasing utilization can have a big effect on your bottom line. The latest American Rental Association Cost of Doing Business Survey notes that 63% of a general rental business's operating costs are fixed. If a rental business does \$800,000 in revenue per year and makes a profit of \$56,000, increasing utilization by only 10% adds \$80,000 in revenue and adds \$56,000 in profits (variable costs increase by only \$24,000, resulting in additional profit of \$56,000). In other words, you can make as much profit on \$80,000 in additional revenue as you made on your first \$800,000.

(These "top 10" marketing projects are not listed in any particular order of effectiveness.)

1. **Thank You Cards:** It's important to thank customers for their business, invite them back, and to solicit their comments on the service they received at your rental store. Send thank you cards to cash customers once a month, and include a coupon for \$5 off their next rental.
2. **New Customer Packet:** One way to increase customer loyalty and educate customers about what your store has to offer is to pay special attention to the new customers who walk into your store each year. In an ALERT-IMS study of customer frequency trends, we found that the average first-time customer doesn't return to your rental store for two years. Getting new customers back into your store faster can make a big difference to your bottom line. A new customer packet can include a personalized welcome letter thanking them for their business, specialized rate guides, a coupon on their next rental, and/or a short customer satisfaction survey postcard.
3. **Birthday Cards:** A birthday card is an excellent way to remind cash customers of your rental store. It also reminds them at a time when their family might be likely to rent something (especially if you deal in party rentals). The birthday card can include a "present" of a discount on merchandise for their next rental. Our clients have found birthday cards to be surprisingly effective. Some of our clients have received response rates of 6 to 10% on promotions using the birthday card concept.
4. **New Equipment Mailing:** When you add new equipment to your inventory, you may want to let selected customers know this new equipment is available. You can identify some of your customers as potential renters of your new equipment simply from the type

of business they are. If your system stores detailed contract history information for each customer, you can also use this historical information to find customers who have rented this type of equipment from you previously.

5. Statement Stuffers: If you send out monthly statements to your customers, why not include a flyer, coupon, or customer satisfaction survey with the statement? The postage is already prepaid, and customers will always open their statements, ensuring your promotional piece will be read.

6. Preferred Customer Program: You may want to offer valued customers a **Preferred** status by giving them discounts for frequent rentals, call-in ordering, free delivery, or any other service that would be of value. By recognizing your valued customers and treating them specially, you will ensure their loyalty to your business.

7. Frequent Customer Program: This program is similar to many programs offered at retail establishments -- "buy three, get one free". Some of our clients have experimented with giving cash customers their sixth rental free (obviously with dollar limits on the amount of free rental given).

8. Annual Event Tracking: Many customers rent items on an annual basis. Whether it is a seasonal rental (like aerating a lawn) or a special event (like a company picnic), you can proactively ask for annual rentals by tracking contracts that are for an annual event. Then, every month you can print a list of the annual events that will be occurring next month, contact your customers, and ask if they would like to reserve the same items for their event or seasonal rental.

9. Why Us: Why did your customers choose to do business at your rental store versus another? You can use your computer system to find out the answer to this question by setting up a **Why Us** prompt. The answers given can be used to determine where your marketing dollars are most effectively spent.

10. Related Items: Some rental software systems allow you to link items that are "related" to other items. This feature increases the value of each ticket by automatically suggesting additional rental and/or sales items. For instance, if a customer rents a floor sander, you can set up the system to automatically suggest a floor edger, sand paper, dust mask, or any other items the customer may want to rent or buy with a floor sander.

Marketing your business requires you to try several ideas until you hit upon a program that provides results. You should count yourself a successful marketer if one out of every three programs you try succeeds.

Because finding successful promotions requires failing more often than succeeding, it is very important to test your marketing program on a sample and analyze the results. If the marketing project fails in the test market, you can't recoup the investment made in developing the program **C** but you can save yourself mailing and printing costs, which are a large portion of your investment.

You can analyze the effectiveness of your marketing projects in three ways: by tracking changes in equipment utilization, customer revenue patterns, and coupon redemptions. For example, if you try the "New Equipment Mailing" program, you can analyze utilization for the new equipment before the program began and then after the program has been put in place.

If you use the "New Customer Packet" promotion to encourage new customers to come back to your store sooner, you can analyze customer data to see if the program has improved the rate at which new customers return to your store for their second rental. And if you use the "Thank You Cards" promotion and include a coupon for \$5 off their next rental, you can track coupon redemptions (using the coupon as a merchandise item in your system with a negative price) to measure the effectiveness of the "Thank You Card" promotion.

Remember, marketing is all about persistence. If you try one of these projects and it fails, try another. Over time you will be able to identify several projects that will bring more customers back into your store, increase revenues, and help you make more money.