



Strategic Promotions: **Value First, Discounts Second**

BY KIMBERLY DAVIS

Tactical Tools or Costly Crutches?

Who doesn't love a great deal? I know that I certainly do. When I recently purchased a vehicle, I had the choice between two nearly identical models. Because of a simple color variation, I saved thousands of dollars. Even though I didn't get my first-choice color, I walked away feeling like I'd won the lottery!

But consider what happened when I had my front deck replaced with composite material. Facing two decking options with almost a 50% price difference, I chose the more expensive one—substantially increasing my overall project costs. No discount required, no hesitation.

Here's what these two experiences reveal for hearth retailers like you: There are countless product choices on the market, and you really don't know what your customers are thinking until you show them the options. With the right mindset and product knowledge, what you need isn't necessarily a sale or promotion—it's selection and knowledge. Sometimes customers choose the economical option. Sometimes they invest in the premium choice. The deciding factor isn't always price—it's how well you help them understand value.

As a sales rep, I constantly hear the same refrain: "We need cheaper products. Everything is too expensive these days. We need a sale or promotion to draw customers in." I definitely understand the concern, but I believe the reality is a bit more complex. Promotions can absolutely work when deployed strategically to clear inventory, generate cash flow, or capitalize on manufacturer support. But they're not the silver bullet that many dealers believe them to be, and they often carry hidden costs that can devastate your margins when they're implemented without careful thought.

The most successful dealers I've encountered in my 35 years in this industry understand that showing customers their options and providing expert guidance creates more value than habitual discounting ever will. When you master this approach, promotions become a tactical tool you control rather than a costly crutch you depend on.

With all of that in mind, let's start by examining the fundamentals that actually drive purchasing decisions, then explore when promotions benefit your business—and when they damage your bottom line.





“Showing customers their options and providing expert guidance creates more value than habitual discounting ever will.”

Sales Essentials That Work

Sales and promotions can certainly entice your customer base to make purchasing decisions. But here's what many dealers miss: The fundamentals of good business practice will always outperform discount-dependent strategies. When you excel at the essentials, customers stop asking for deals and sales prices because they recognize the value you're delivering.

So what are these essentials? Let me break them down based on what I've seen work consistently across successful hearth businesses.

First, spend the time answering questions that come in via phone, email, and especially during in-person visits. This translates directly to sales. The better you are at providing thorough, knowledgeable responses, the less you'll hear requests for discounts. Customers pay for expertise and attentiveness, not just for products.

Second, recognize that site visits count. During busy seasons, they consume precious time, but they're an absolute necessity for closing deals. Given that, make site visits profitable by taking a deposit that applies toward the purchase price if

customers buy from you. If prospects resist this practice, have them bring pictures and measurements into the showroom instead. Your time is valuable, so make it work for your business.

Third, get those quotes out promptly. If customers need to call you back for pricing, you've waited too long. Make the effort to provide timely estimates and stick to your committed timelines. Speed and reliability in the quoting process demonstrate professionalism and respect for your customers' time—and they directly impact your close rate.

Finally, grow your brand by presenting a professional appearance in your showroom, delivering quotes on time, and carrying brands you genuinely believe in. When you consistently execute on these fundamentals, pricing queries and requests to wait for a sale become far less common.

Once you've mastered these four fundamentals, then you can use promotions as a tactical enhancement rather than a primary strategy. The right promotion at the right time can accelerate decisions and clear inventory—but only when it supports the value you've already established through expertise and professionalism. Simply put, promotions should amplify your strengths, not compensate for weaknesses in your fundamentals.

So what makes a promotion “right”? Let's examine three common categories of promotions in the hearth industry, starting with the ones that enhance your business without sacrificing margins.



The Promotions That Protect Your Margins

Not all promotions are created equal. Some promotional strategies actually enhance your business without sacrificing the margins you've worked so hard to build. The key difference? These promotions are funded by manufacturers rather than carved out of your bottom line.

Manufacturer spiffs, gift cards, and free promotional items fall into this category. During certain times of the year—particularly at the height of the busy season—manufacturers offer these incentives to sales personnel for promoting specific product lines. There's virtually no downside to this type of promotion. You're receiving items to promote brands that you and your staff presumably already believe in, your margins remain untouched, staff members are happy to participate, and the gift cards can either go directly to salespeople or be gathered for drawings at your company's Christmas party.

The beauty of manufacturer-supported promotions is simple: They drive sales and create goodwill without requiring you to sacrifice profitability. When someone else is funding the promotion, you get all the benefits with none of the margin erosion.

The Shared-Cost Middle Ground

There's a second category of promotions that requires more careful consideration: manufacturer offers for "free" accessories or dollars off that accompany specific products during certain times of the year. These promotions are typically publicized on manufacturers' social media channels and supported with point-of-purchase displays in your showroom. The catch? The cost is usually "shared" between the manufacturer and the dealer, which means these promotions impact your margins.

This raises an important question: During the busiest time of the year, when the most people are coming into your store seeking pricing and information to make a purchase, is a free accessory or shared-cost discount the right promotion for your business? Maybe the answer is yes—these promotions work well for many dealers, particularly when they're strategically aligned with your busiest selling periods.

But there's a critical caveat: Make absolutely certain you complete the paperwork to claim back your portion of the free or discounted item. If this step gets forgotten in the rush of the busy season, you'll absorb the full cost of the promotion, and your margins will take an even bigger hit than planned. The administrative follow-through isn't optional—it's the difference between a strategic promotion and an expensive mistake.

"In short, shared-cost promotions can be effective tools when used intentionally and managed carefully—just make sure the math actually works in your favor before you commit."

In short, shared-cost promotions can be effective tools when used intentionally and managed carefully—just make sure the math actually works in your favor before you commit.

The Hidden Costs of Blanket Discounting

Anniversary sales, customer appreciation events, inventory clearance promotions, manufacturer closeout sales—these are all common tactics in the hearth industry, offering blanket dollars or percentages off to entice consumers to buy from your company. The appeal is obvious: These events bring in cash flow through upfront payments and deposits, and they fill your calendar with installations on the books. Mission accomplished, right?

Not so fast. Look closely at the overall picture before you commit to another blanket discount event. Your discounted units cut directly into your profit margin, and depending on the volume of sales your promotion generates, the overall result may be far less desirable than it initially appears.

Consider the full cost of promoting the event: radio advertising, social media campaigns, signage, and more. Your staff likely worked extra hours preparing for and executing the event. And no successful event at a hearth and grill store these days is complete without a cookout, so now you have the cost of food and fuel for the grill as well! When you add up these expenses and subtract them from your already-reduced margins, many promotional events barely break even—or worse.

Here's another concern that dealers often overlook: If you turn promotional events into semi-annual or annual traditions, customers will get used to this pattern. Word spreads, especially in smaller markets, and it becomes a waiting game where customers hold off on purchases until your next sale. I've been in stores where customers with quotes in hand ask, "Do you ever have sales?" And I've heard employees respond,

"Yes, if you watch our social media for our sale, you can save X dollars or percentages on such-and-such a date." You've just trained your customer base to never pay full price.

This doesn't mean you should never run promotional events. Clearance sales on slow-moving inventory—like my vehicle purchase, where color variation reduced demand—make perfect business sense. Using strategic promotions in the early years of a business to build awareness and generate cash flow can also be effective. But habitual discounting of your top sellers? That's a

**"You've just trained
your customer base to
never pay full price."**



margin killer that conditions customers to wait rather than buy.

Sustainable and Profitable Promotions

The question isn't whether promotions work—they do. The question is whether you're using them strategically or haphazardly.

When you master the fundamentals—answering questions thoroughly, conducting professional site visits, delivering timely quotes, and maintaining a showroom that reflects your commitment to quality—you create a foundation where promotions become an optional tool rather than a constant necessity. Manufacturer-supported spiffs and gift card programs enhance this foundation without touching your profitability. Shared-cost manufacturer promotions can work effectively when you manage the paperwork carefully. But blanket discounting of your top sellers can undermine everything you've built, training customers to wait for your next sale

while cutting deeply into the margins that keep your business healthy.

Over my years in this industry, I've watched this pattern repeat itself. Dealers who depend on constant promotions struggle with compressed margins and customers conditioned to demand discounts. Dealers who use promotions strategically while mastering the fundamentals build businesses that remain profitable through market changes and competitive pressure.

The choice comes down to this: Will you compete primarily on price, or will you compete on value? One path leads to thin margins and trained customers; the other leads to sustainable profitability and loyal clients who appreciate what you deliver.

My recommendation? Choose the latter path—and watch your business grow.

"Will you compete primarily on price, or will you compete on value? One path leads to thin margins and trained customers; the other leads to sustainable profitability and loyal clients who appreciate what you deliver."



Introducing the All-New

ATMOSPHERE EI29LCD ELECTRIC INSERT

