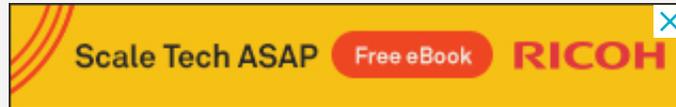


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Expert Viewpoints

2/1/2023

How to Move Post-Holiday Excess Inventory — And Maintain Brand Value



Jake Weatherly



Rising inflation and fears of a recession present a challenging environment for retailers in the first quarter of 2023. At the same time, they are grappling with a surplus of unsold inventory and a deluge of returns.

Retailers looking to make a strong start in the new year need to find a way to effectively move inventory and protect their margins. Widespread promotional pricing is the standard procedure to reduce a glut of inventory. But universal markdowns can diminish brand value. Customers who become accustomed to these discounts may hesitate to return to regular pricing.

How can retailers make a dent in their post-holiday inventory while avoiding a hit to brand integrity? Three tactics to drive sales while

protecting brand value include pairing promotions with emotional triggers, offering bundled deals for a limited-time, and providing personalized, gated offers and deals.

Pair promotions with emotional triggers

Widespread discounts can be an effective way to reach one-time purchasers looking for a bargain. But promotions alone will not guarantee a price-sensitive customer's loyalty once post-holiday sales have ended. Winning them over for the long term requires forging a deeper bond. Brands that effectively engage an individual's sense of personal identity create an emotional connection that gives them a reason to re-engage, bringing sustained returns down the line. Attachment equals loyalty.

Emotional triggers come with a wealth of **evidence** on their powerful pull. They regularly do the heavy lifting in winning over customers—enough to outweigh the impact of a given ad's surface-level content by a factor of **three to one**. Many of the most successful retail brands (think **Trader Joe's** or **H&M**, both high achievers in recent “brand intimacy” ratings) rely on their unmatched ability to speak to who their customers are and make them feel like they belong.

How can companies looking to lighten their post-holiday inventory build on this model? For starters, tell a story that gives purchases meaning and value beyond that of a good deal.

Consider an apparel retailer that needs to clear its stock of sweaters as spring looms: Pairing targeted discounts with messaging drawing on themes of family and togetherness, for instance, can offer shoppers an emotionally salient reason to shop not just for themselves but also for children, siblings, parents, or significant others, driving up sales in the process.

Offer bundle deals as a limited-time opportunity

Surplus inventory at the close of the holiday season is bad news. It's also widespread as retailers move further into 2023. Blanket steep price cuts

may help, but they can lead customers to expect discounts, or worse, come to regard your retail business as a clearing house for cheap, lesser-quality products. Inaction, meanwhile, will leave leftover items to gather dust in storage or go to waste altogether.

Package deals offer a way out of this pickle. Instead of slashing the price of slow-moving products (“Who wants these cheap leftovers?”), combine them with bestsellers and offer the bundle for less than what the items would cost separately. You’ve effectively introduced a discount, only without the kind of conspicuous price cuts that will adversely impact consumer expectations and tarnish your brand.

The bundle shifts the customer’s attention from paying less to getting more bang for their buck. A well-assembled package also reduces the shopper’s cognitive load, saving them not just money but also the headache of looking for and deciding between products. In other words, the offer hinges on more than affordability alone. You’re focusing on value. Sticking an expiration date onto the package deal will instill extra urgency—FOMO, or fear of missing out, at its best.

Use gated offer programs to cater to shoppers’ identities

Identity marketing and gated offer programs can provide another boost to post-holiday sales. As with emotional triggers, the idea is to turn what might otherwise have been a one-off purchase into repeat engagement driven by more than discounts.

Getting there doesn’t always require consumers to be invested in a brand’s identity. Centering customers’ own identities—understanding and valuing what defines them at their core—is significantly more effective.

Gated offer programs achieve just that. Exclusive perks for, say, students or healthcare workers, can signal your appreciation of those communities. Another retailer might offer specific loyalty programs to military veterans. Relationships that reward people for who they are, not just for what they

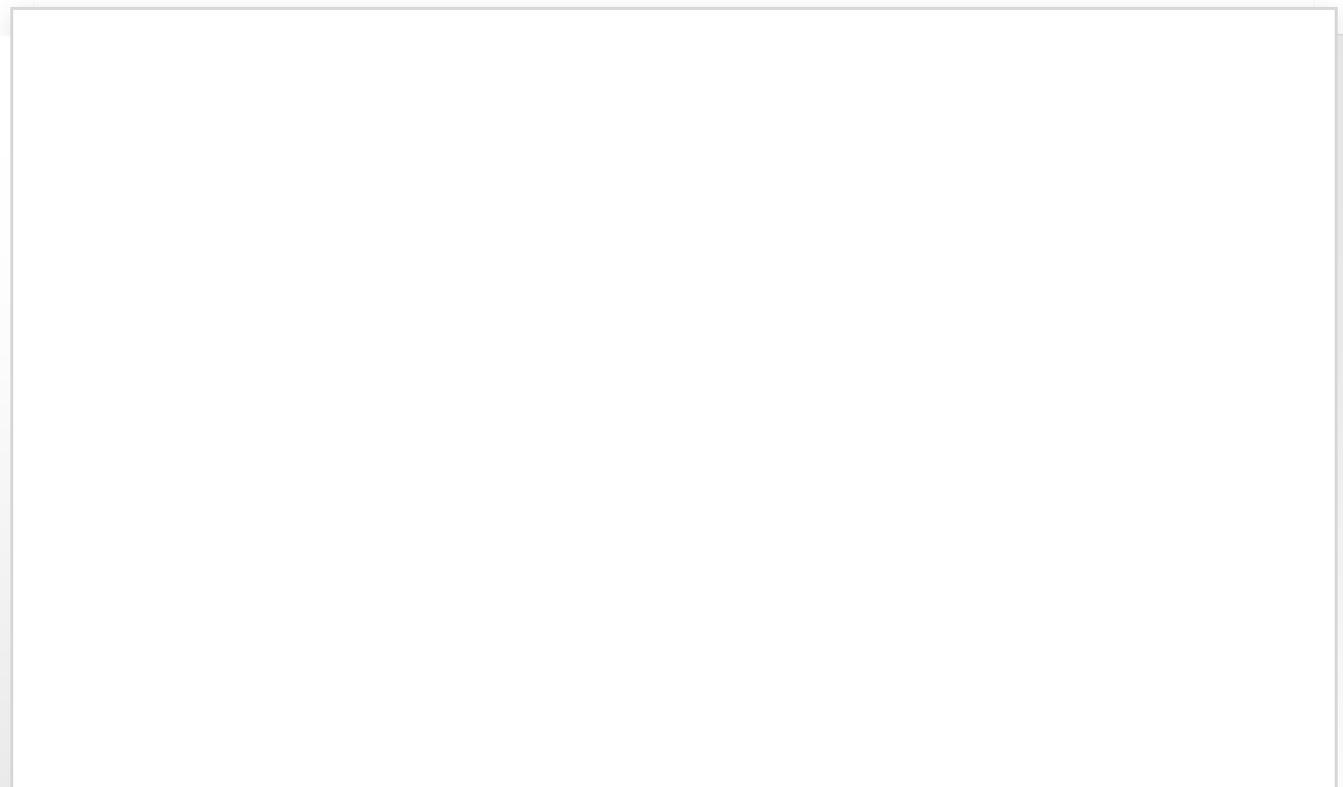
buy, are built to last.

A major reason identity-driven gated offer programs work is that they tailor the shopping experience to better fit an individual's particular needs. Seniors and students will likely have different priorities, from their budgets to their preferred products. If a seller can meet them where they are and customize its offers accordingly, the added convenience will incentivize people to return.

Just as important as any practical benefits is the broader message. With identity-driven, value-centric marketing, an anonymous transaction is turned into something more personal and intimate, perhaps even into a partnership of equals.

It's one more way for the customer to feel understood, not just sold to, and your brand equity grows, because you are recognizing, thanking, and honoring highly respected and coveted communities in society.

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Jake Weatherly is CEO of SheerID, data software company allowing B2C brands to instantly verify consumer-provided data to run personalized marketing campaigns to tight-knit communities. [Read More](#)

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