

W30

**Wednesday
Morning
Fax
from
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Press**

6 low-cost, high-perceived-value offers that helped this local bike dealer beat Wal-Mart

Connecticut's Zane's Cycles—despite competition from big-box stores like Wal-Mart—has doubled sales since 1998. The store has collared 65% of the bike market in New Haven County and sells \$3.5 million in biking equipment a year. Owner Chris Zane did it by promoting offers that his customers perceived as high-value—though they cost his business little or nothing:

1. Lifetime Free Service

Chris Zane discovered that many customers took advantage of his free-repair offer during their first year of bike ownership but only 20-30% of them during the second year. So “I figured my liability for lifetime free service would be miniscule,” he says.

2. No Charge For Minor Purchases

Zane's charges customers nothing for anything that lists for less than \$1. The policy helps him turn customers into apostles. Cost to Zane's Cycles: less than \$150 a year.

3. Good Neighbor

Zane's offers \$40 bicycle safety helmets to local school kids at their \$20 cost. Net expense for the program: \$0.

“When you realize that your customers are just like you, the whole dynamic of your interaction with them changes.”

—Elizabeth Spaulding of L.L. Bean

4. Price Guarantee

If a purchaser finds the same model bicycle priced less within 90 days, Zane's will refund the cost difference plus 10%. So far, the guarantee program has cost Zane's less than \$1,000. And half the people who receive a rebate will spend it in the store that day.

5. Free Cellular Phones

Zane's gives away a \$165 cellular phone to every customer who buys a new bicycle. The phone company pays Zane's \$250 for every cellular account activation. The store pockets the difference. Yearly net income: more than \$12,000.

6. Information-Packed Catalog

Chris Zane mails customers a yearly 32-page coop catalog with 16 pages exclusively dedicated to Zane's merchandise and tips on biking. Long after he prints it, he says, customers show up carrying catalogs with products circled. Total cost: \$9,000.

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