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## The Anatomy of an Effective LTO

[Marilyn Odesser-Torpey](#) | Oct 22, 2012 | [0 Comments](#)



The limited time offer is a proven strategy for testing new products, generating a buzz in your stores and giving consumers a compelling reason to make an immediate purchase.

Marilyn Odesser-Torpey, Associate Editor.

Everyone knows when the McRib comes to town. McDonald's does not even have to advertise it; the saucy pork sandwich's legions of fans do it themselves through wildfire-fast word-of-mouth and social media.

This summer, Wendy's promoted a "get it while it lasts" Strawberry Shortcake Frosty Parfait. Dunkin' Donuts and Baskin Robbins helped the Oreo cookie celebrate its century anniversary with a collection of Coolatas, doughnuts and ice cream treats. And Burger King boasted an entire season-inspired limited time only (LTO) menu, which included Texas and Carolina BBQ Tendergrill (chicken) and Whopper Sandwiches, a Memphis BBQ Pulled Pork Sandwich, sweet potato fries and frozen lemonade.

But LTOs do not have to be elaborate to be effective. For example, Wawa's fall-specific pumpkin spice coffee and cappuccino prompted aficionados to rhapsodize and converse all over the Internet.

In a NACS Café presentation last October, Wawa Product Development Manager, Michael McLaughlin, explained that, in addition to creating excitement in the hot beverage department, these seasonal specialties offered ample opportunities for profitable promotional bundling with other foodservice items.

To keep the coffee category profile high throughout the year, Wawa also features a rotating selection of "World Brew" varieties, highlighting specific exotic origins, on a limited time basis.

"In our recommendations to c-stores, we strongly urge the use of LTOs," said Tim Powell, director of research and consulting for Technomic Inc. foodservice research and consulting firm. "For one, it's a defense strategy against what QSRs do very well. Secondly, it allows c-stores to keep their menu fresh in terms of new items."

Powell noted that when Technomic polls consumers—in any segment—one of their top desires is to see new and unique items. "This keeps them coming back and keeps the concept relevant," he said. He cited Rutter's Walking Taco, which uses a bag of Doritos as the taco shell, as an example of an LTO that was so successful it won a permanent place in consumers' hearts and on the menu in a number of the chain's stores.

#### Immediate Sales Lift

Last year, Marty Mylor of Quik Stop Corp. in Sparta, Ky., discovered how potent a sales booster an LTO can be. As part of a NASCAR race season-oriented promotional program, Quik Stop's foodservice partner, Hunt Brothers Pizza, introduced a Buffalo chicken pizza as an LTO and, said Mylor, the product "took off from the get-go" with his customers.

In addition to helping him move more pizzas, Mylor believes the promotion also boosted his incremental sales of chips, soda pop and even eggs and milk. "The Buffalo chicken pizza may have gotten their attention, but we saw major growth in sales of our entire pizza offering," he said. "We began selling anywhere between 10-20 additional pies of all kinds each week, and that number continues to grow, even more than a year after the promotion."

Part of what gave the LTO its momentum was the heavy print and broadcast advertising, social media activity and sampling Hunt Brothers dedicated to it, Mylor noted. (On one sampling day, Hunt Brothers gave away 500 slices of pizza at his Sparta store.) Customers were also given refrigerator magnets to remind them where to come when pizza cravings struck again.

#### Be Prepared

Hunt Brothers knew how to turn their LTO into an event, a strategy that has been developed into an art form by quick-service restaurants, said foodservice specialist Ron Santibanez, founder and president of Profit Line Consulting. These restaurants, he said, use all kinds of exterior and interior signage from window posters to banners to counter cards to get customers' attention. C-store operators should also remember to utilize enticing displays of the food products themselves as another visual nudge.

In addition to giving customers who may not have tried a store's foodservice offering the impetus to do so, well-crafted LTOs can increase the number of times customers visit throughout the day, Santibanez said. "If they're stopping by for their morning coffee, the offer might persuade them to come back for lunch or even dinner."

During his NACS presentation, Wawa's McLaughlin told his audience that LTOs, such as the seasonal pumpkin spice coffee drinks, can drive traffic across all dayparts because they meet snack occasion demand.

To have the desired impact, LTOs should have a definite end date, Santibanez said. Typically, he noted, 3-4 weeks is long enough. "After that, customers get used to the item, and it doesn't register as special anymore." He recommended that retailers post the end date, as well as a reminder as that date approaches, to drive home the point that the product or deal will not be available forever.

"Consumers who see that they won't be able to get a particular sandwich after a certain date may be moved to come in to get it every day for the duration of the offer," Santibanez said.

### Know Your Limits

John Matthews, founder and president of Gray Cat Enterprises retail consulting firm, agreed that anything longer than one month is probably pushing it in today's get instant gratification world.

"If you think about LTOs, people (consumers) are procrastinators at heart. Put off stuff today; I can always do it tomorrow. LTOs create an artificial deadline of sorts, to get the consumer to say 'yes' and 'right now.' So, LTOs are to the business world what cramming the night before for the test was in college—it forces action," Matthews said.

In a survey conducted by JWT Intelligence, 60% of respondents across all adult age groups and 70% of Millennials reported that when they have a limited time to act on an offer for a product they want to use or try, they usually end up acting.

Matthews also pointed out that, like any marketing tool, LTOs should be used judiciously and strategically, as part of an overall annual marketing plan. In addition to coordinating with the seasons, he advised retailers to look for special events within each season that might lend themselves to limited time tie-ins.

"For c-store operators, tying their LTO's around seasonal events is a no-brainer," Matthews said. "Tie in your catering program with the Super Bowl and create a call-to-action for the month leading to the big game."

For Torrance, Calif.-based Famima, preplanning LTOs is also a necessary part of maintaining a mutually productive and profitable partnership with its suppliers. For its prepackaged sandwich offering, the 12-unit chain depends on several small sandwich vendors to suggest ingredients that might make the most sense in terms of availability and cost at different times of the year, said Philip Hockwald, vice president, business operations division.

"In turn, we feel it is important to clearly communicate with each vendor which sandwiches we're planning to feature as LTOs and for what time period we plan to offer them," Hockwald said. "This way they don't go out and buy six months worth of ingredients that they may get stuck with, or sign a long-term contract with a bakery for a bread we may not use for more than a month or so."

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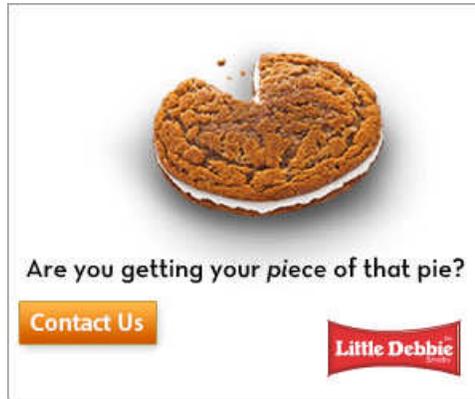
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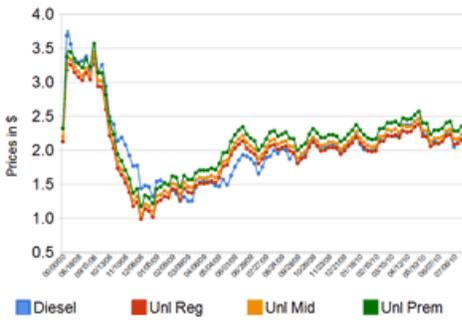
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