



Retail retention linked to successful gift-with-purchase programmes

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The strategy to retain business with gift-with-purchase programmes is as old as marketing itself. It has stood the test of time because it works. Walk down any grocery store aisle, drop by any fast-food restaurant, or page through any newspaper supplement, and you'll find that gift-with-purchase retention strategies are still providing good business opportunities for many brands across various industries.

Gift with Purchase promotions are being used to promote better placement on the shelves and carefully constructed internal sales promotions are being introduced to entice sales people to promote retail lines more rigorously. Sometimes the gifts are substantial, for example plasma televisions. But most are associated more strategically with the product being promoted, like the classic cosmetic bag linked to a new range of make-up.

In a growing, competitive market, savvy consumers are looking for value and creativity in purchase to be retained and a properly constructed Gift with Purchase programme supplies that value. These successful

programmes are most often designed and implemented by the promotional product companies that are members of APPA (The Australasian Promotional Products Association) which includes 610 of the leaders in this growing industry (www.appa.com.au)

As the CEO of APPA, with over 9 years of industry experience, I have outlined what companies should be looking for when developing a successful Gift with Purchase programme.

Planning your programme

When planning your gift-with-purchase promotion:

1. Determine your objective. Spell out what you want to achieve. Is it to rejuvenate sluggish sales? To

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maintain market share during a competitive product introduction? To reach a new group of consumers? The more specific your objectives, the more measurable they will be.

2. Review your history. What gift-with-purchase programmes has your company done? What has worked, what didn't and why? What results were measured from previous programmes? What can you find out about programmes your competitors have implemented?

3. Determine your budget. Your expenditure should be tied to anticipated, incremental sales. Some companies set aside a certain percentage of overall sales for promotional spending, but there is no hard-and-fast rule for determining this percentage. In this current competitive market, on average, the yearly promotional product spend by most companies is up by 30% of their overall marketing budget.

4. Determine who will be the outside promotional product specialist to supply the item. Ad agencies buy directly from promotional products companies and add their mark up. The one-stop-shop rule doesn't apply here. Promotional product companies normally work with clients to guide through product selection, logo application, manufacture and fulfilment. Remember, your core business is not to manufacture, source or fulfil these products and paying your ad agency to be 'the middle person' wastes money that could be applied to your budget. Save

time and money by using a product professional who can guide you to the correct product selection, point of sale materials, help with creativity and logistically organise fulfilment on the job.

5. Identify a gift-with-purchase product that reinforces use of your brand. One that appeals to your target audience and has a high perceived value (relative to the cost of your product). Will this product be custom designed by your promotional provider or 'off the shelf'? Brand name or generic? Logistically fulfilled internally or outsourced to the promotional product provider?

6. Make sure the company you deal with is a member of APPA (The Australasian Promotional Products Association). APPA members are much more likely to help you avoid some costly pitfalls. It also provides you with recourse if the job goes wrong. 90% of complaints received by APPA are made against non-APPA companies who have failed to deliver. APPA is powerless to intervene on your behalf in these cases. **Always** verify you are using an APPA member by accessing www.appa.com.au and click on North or South Island or check by company name. APPA provides free services to the marketing community. Contact us for advice.

7. Have a game plan. Plan your start and finish dates and determine who will be responsible for each step of the programme. Most gift programmes are limited-time promotions. Every effective program has a specific gift

for a specific period of time to maintain continued consumer interest.

8. Determine how you will measure results. Make sure you can track those results. Gift with purchase programmes offer unique opportunities to track your exact spend and compare, historically, the increased results.

9. Engage the support of everyone responsible. Your programme's success will be ensured if you communicate expectations regularly with all parties (employees, managers, promotional product company and retailers). Written communication, update e-news blasts or memos, are the most effective. Build a team that shares the same goals and verify how the programme will be supported through your sales and/or dealer incentive programmes.

10. Evaluate the results. Be objective about the results of your programme and how it worked. Keep a record of your results and observations for use in planning other programmes.

Measuring your results

Increased sales will be the major measure of your gift-with-purchase promotion's success, but other factors should include:

- Increased customer goodwill,
- Retail and employee excitement about your product and offer,
- Generation of repeat store visits or purchases and
- Faster sell-through.

These factors can be measured by online surveys, retailer visits or

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website feedback requested directly to your customers.

Budget considerations

The gift's cost can range from a few cents to hundreds of dollars. Perhaps more important is the cost versus the perceived value of the gift. Brand products (like an Ipod) often have a higher perceived value than non-brand products (generic MP3 Players) but obviously cost more money.

Other cost considerations include:

- Advertising and point-of-sale materials,
- Getting the gifts and supporting point-of-sale materials to the stores and onto shelves,
- The cost of staff or outside service firms dedicated to the execution of the programme and
- Any packaging changes that might be necessary. This includes tooling costs for repackaging and re-printing of supporting paper materials.

Keep in mind that the costs should be balanced against your expected return on investment for the promotion. This calculation should include a factor for repeat business that might be generated as a result of the promotional product.

Promotions (or their redemptions) can be run online. Pepsi has done this effectively by driving business to their website to register to win gifts. Some promotional companies can design temporary websites for these types of promotions. It is important to consider that the additional step in the process may limit some redemption, but it can provide some immediate, traceable data on campaigns.

If you're a manufacturer, look for ways to share the costs of the programme with retailers and vice-versa. There may also be some opportunities for additional promotional tie-ins to offset costs (for instance co-sponsorship with other organisations).

Another option is to cut advertising by running only print ads or by investing primarily with in-store advertising and point-of-purchase materials. If the gift promotion is an unusual one, there may be some opportunities for generating publicity. But beware of too many cuts; they may jeopardize the impact of the program.

Choosing a gift-with-purchase

The most important gift-with-purchase issue is choosing the right promotional product to include with your offer. Questions that you should ask your promotional product provider:

1. Does the gift fit with my product's brand positioning? The wrong gift will send a mixed message to consumers. Some experts also warn that the gift-with-purchase strategy is not always useful for new product introductions because it may split the focus of the consumer. Ensure clarity in promoting the new product that differentiates between the gift and the new product being launched.

2. Does the gift make sense for my target market? Banks and other financial institutions have used lifestyle and comfort-based gifts to avoid being seen as impersonal. Marketers of food products targeted towards youth markets often use collectables tied into animated



characters or electronic games. Ask your promotional product company to do research if licensing with a brand (like Disney or Playstation) could substantially increase your sales.

3. Does the gift support use of the brand you are promoting? Will it generate goodwill and generate repeat sales? If you're promoting donuts, for example, a coffee mug is an obvious choice to support future use of the product. If you're promoting cosmetics, a make-up bag or mirror. But the less obvious choices are the best. For example a free beach tent when purchasing a Sony walkman (Promolink Agencies NZ), a custom designed shower caddy with the purchase of Gillette Venus razor & Satin Skin Care product (High Impact Marketing NZ) or a collectable range of animated character hand-held fans with the purchase of batteries (JPS Marketing).

4. Does the gift tie in well with an overall promotional theme? The item should be different, creative and elicit a response from the purchaser. Themed or seasonal promotions have proven to be more memorable and create future marketing tie-in potential.

APPA (The Australasian Promotional Product Association) is the only professional trade association specifically for the promotional products and promotional marketing industry. Allow an APPA member to get involved with marketing departments early in the process – they could save your company thousands of dollars. For more information contact APPA on info@appa.com.au or visit www.appa.com.au

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