



USE PROMOTIONAL GIFTS THAT REALLY PROMOTE

MANY COMPANIES USE gift promotions, and they work just as well in a business-to-business context as they do in a consumer context. However, the vast majority of sales promotions only move sales forward—they rarely have the power to make people buy more, or switch brands. The reason for this is that buyers will simply stock up in order to gain the promotion, then buy less in future weeks and months until the stocks have been used up. In the consumer context, people might switch brands temporarily in response to a sales promotion, but the vast majority switch back to their usual brand or to a new brand with an even better promotion as soon as the offer ends.

The problem for most firms lies in finding a promotion that will encourage customer loyalty and will not result in a simple switch back. Offering someone extra product for the same price simply reduces profits without creating any long-term benefits—whatever the short-term advantages might be.

The idea

Goldwell is a German manufacturer of hair care products, sold to professional hairdressers. When the company entered the British market, they were up against established professional suppliers such as L'Oréal, Wella, and Schwarzkopf: all these firms were very much larger than Goldwell, with deeper pockets, so a conventional approach was entirely ruled out.

Goldwell broke all the rules. Rather than sending salespeople to salons to get orders and following up with a delivery later, the

Goldwell reps sold direct from a Transit van. This meant that salons could obtain products instantly, a major consideration if stocks were low, and the reps were able to show people the full range of products.

Where Goldwell scored, though, was in their sales promotions. Purchases of stock resulted in being given extra boxes of shampoo or conditioner, but of products the salon currently WASN'T using. Inevitably, the salon would eventually use the conditioners, shampoos, etc., even if only because they would run out of stocks of their usual brands. Frequently, the stylists would prefer the Goldwell product, and would then order it next time—resulting in more free samples of other new products. Goldwell is now well up among the major suppliers to hairdressing salons throughout Britain.

In practice

- This approach works best in a business-to-business context, except where a loyalty card scheme or similar allows the vendor to gain a clear picture of what the individual currently does not buy.
- The free product needs to be given in a generous enough quantity for the buyer to use it regularly for a while: a couple of bottles is not enough.
- The buyer should, preferably, either be the person who will use the product, or be close to the people who will use it. The approach therefore works best with small businesses.