

How Free Giveaways Can Boost Your Small Business Revenues

By David Frey

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Offering free giveaways to prospects and customer is a powerful business building strategy that can result in a flood of new and repeat customers.

It may seem counterintuitive to give away your products and services to build your business; however, people can't resist the lure of receiving something for free. The word free, as worn out as it may seem, is still the most powerful word in marketing and has a hypnotic effect on people.

Why Free Giveaways Work

The reason free giveaways work so well is two-fold. First, prospects that test your product or service risk-free will hopefully recognize its value and continue purchasing what you offer. Or even better, your prospect will get "hooked" on your product or service and won't be able to live without it.

Second, the fact that your product or service was given to your prospects as a free gift will compel them to return the favor by continuing to purchase from you. This principle is called the "Law of Reciprocity," which simply states that people naturally feel an obligation to return favors as a way of expressing their thanks.

The Law of Reciprocity works! The Hare Krishnas raised millions of dollars in the late sixties and early seventies using this principle. In airports the Krishnas would give away small wooden umbrellas as a free gift and would in turn, ask for a donation.

After the donor would give their donation, they would toss the

little umbrella into the first trashcan they passed. The Krishna would then pick the umbrella out of the trashcan and turn right around and give it to the next person. It worked like a charm.

Know Your Total Customer Value Before Giving Freebies

The key to safely offering free giveaways is to know your “total customer value.” This is the amount of profit you will receive from your customer over the total length of your relationship. This figure not only includes business that you will receive from your customer, but also any referrals you may receive from them.

For instance, suppose you own a dry cleaning business and you compute your average “total customer value” to be \$1,250. How much money would you be willing to invest in free giveaways to acquire a new customer? \$50? \$100? \$200?

The answer is * yes * to all of the above. Why wouldn't you invest \$100 to gain \$1,250 in profits? Coincidentally, this is why most small business owners are nervous about offering free giveaways. They don't understand the principle of “total customer value.”

Information – The Ultimate Free Giveaway

Ideally, it's best to offer free giveaways that are low cost but have a high perceived value to the person you are giving it to. Information is a great example of a free giveaway that has a low product cost and a high perceived value. This is why it's smart for small businesses to use special reports containing “insider” information as a free giveaway for new customer lead generation.

Your special report could be a written document, an audiocassette, or a video containing subject material that your target market would be interested in. Videos especially have a high perceived value. A valuable reference guide that I use often is “Spencer's Guide To Special Interest Videos” which has over 13,000 hard-to-find videos.

For instance, the following are videos that you'll find in this guide that you can purchase as free giveaways for your prospects:

Example # 1 – Used Car Dealer

“Buying Your Next Used Car” – 36 minutes

“Don't Get Stuck with a Lemon: Smart Consumer's Guide to

Buying a Used Car” – 20 minutes

“Drive Home a Better Deal: Insider Secrets On How to Buy Your New Car, Truck or Van for Less” – 55 minutes

Example # 2 - Sports Fishing Gear Retailer

“Basics of Better Bass Fishing” – 57 minutes

“Advanced Trolling for Saltwater Fish” – 60 minutes

“Fishing Bloopers” – 60 minutes

“Successful Fly Fishing Strategies” – 102 minutes

Example # 3 – Beauty Salon

“Basic Make-Up Techniques” – 60 minutes

“40 & Over Make-Up Techniques” – 60 minutes

“Hollywood Make-Up Secrets” – 60 minutes

Example # 4 – Chiropractor

“Back in Action” – 40 minutes

“Back Pain Relief” – 60 minutes

“Exercise For a Pain-Free Back” – 48 minutes

Example # 5 – Quilt Shop (My wife is into quilting)

“How to Make Patchwork Quilts” – 160 minutes

“Reversible Quilts” – 55 minutes

“Basic Quilting” – 90 minutes

Giving away free informational videos can turn a mediocre offer into a valuable and compelling offer.

Free Giveaway Case Studies

There are a myriad of ways to offer a free giveaway and many effective types of giveaways (other than information) that small businesses can use to attract new and inactive customers. The following are a series of case studies from different small businesses demonstrating how each uses free giveaways to build their businesses:

Case Study # 1 – Mobile Video For Hire Van

The owner of a mobile video for hire service wrote a letter offering the use of a free rental van for four weeks. Why four weeks? To get people into a habit of using his service. The result? 19.6% redemption rate and as many as 65% of the people who took up the free offer went on to become regular customers.

Case Study # 2 – Health Club

A health club gave away six weeks of free memberships has saved a fortune on conventional advertising costs by having health food stores and sports shoe retailers give their free membership away to their customers as a special gift. The majority of free trials tuned into paying members at over \$500 per membership.

Case Study # 3 – Optometrist

An optometrist mailed a postcard to prospects offering free eye exams including four different types of eye tests (dry eye test, glaucoma test, visual acuity test, cataract test) to patients they hadn't seen in two years. The optometrist grossed an extra \$10,000 in two days and the phone rang off the hook, non-stop.

Case Study # 4 – Oil and Lube

An oil and lube center offered a free tire rotation, oil change, and fuel injection service. However, the customer was only allowed to take advantage of one of these services per visit. The free service giveaways resulted in significant upsells on each visit and the opportunity to capture the customer's personal and automobile information for future offers.

Case Study # 5 – Hair Styling Salon

A hair styling salon offered a free children's haircut with every visit. Most of the customers brought an average of two to three of their children to get their hair cut resulting in a doubling of their weekly sales figure.

Case Study # 6 – Chiropractor

A chiropractor offered a free back massage gift certificate for Valentine's Day with a free new patient exam including an x-ray, neurological and orthopedic exam. To make this offer super successful, he went around to local businesses and gave several gift certificates to the local owners and managers to give to their employees as a free gift.

Case Study # 7 – Dentist

A local dentist offered a free teeth whitening with a comprehensive new patient exam, including x-rays. To make this particular offer a winner the dentist sent several coupons to existing customer's who had already received the teeth whitening service to give to their friends as a special gift. To make it even more effective he coded each coupon and offered three free whitening sessions to the customer that sent in the most referrals.

Case Study # 8 – Carpet Cleaner

A carpet cleaner offered to steam clean two rooms absolutely free. No strings attached. Once the cleaner was in the home he checked for stains on the floor, rugs that needed stretching, holes or weak spots in the rug, and he even performed an air duct inspection. The result was an average of \$60 - \$80 dollars worth of services sold per free cleaning.

Case Study # 9 – House Cleaning

A house cleaning service offered to do a full house cleaning free in the month of December. They called it, “Santa’s Gift to Mommy.” They were immediately deluged with requests. Once “Mommy” saw what they could do to their home and how good she felt with a clean house, 38% of them signed up for the regular service. The biggest problem the house cleaning business owner had over the next 12 months was finding people to do a good job of cleaning.

Case Study # 10 – Vacuum Cleaner Retailer

(I included this case study because David Oreck is such a fantastic direct marketer.) David Oreck, chairman of Oreck Vacuums gives away a free Cordless Speed Iron just for taking the “Oreck XL Challenge” and trying out his 8-pound vacuum cleaner. Even if you don’t buy the Oreck XL vacuum cleaner you get to keep the Cordless Speed Iron! And if you end up purchasing the Oreck XL vacuum cleaner, you also get his Oreck Super Compact hand-held vacuum. Now here’s a guy who knows what “total customer value” is all about!

Justify Any Deal That’s “Too Good To Be True”

If your offer that includes free giveaways appears “too good to be true” to your prospect, it could decrease it’s believability and your credibility. To avoid this you should always give the reason why you can offer such a great deal.

It might be that you goofed and are now overstocked, you got a great deal from your supplier, or you just want to say thank you in a meaningful way. Whatever the case may be, give a reason. It doesn’t even have to be a good reason; it just needs to be believable.

Remember, your prospect is very skeptical and has good reason to be. We’ve all been duped at one point in time by a “too good to be true” scam. Furnishing your prospects with the reason why you can offer them such a good deal helps them to logically reconcile your offer in their minds. In turn, this will give your prospect the comfort level needed to act on

your offer.

Conclusion

Using free giveaways is an effective marketing strategy if used correctly. Think about what you can offer free-of-charge that your prospects would consider valuable and that you can give at a low cost to you. Don't forget to compute your total customer value so you know how much you are able to invest in attracting a new customer. Lastly, make sure you justify any offers that are just too good to be true.

David Frey has helped hundreds of small businesses literally double their revenues in six months or less. To get your lifetime FREE subscription to the web's leading small business marketing newsletters just send an email to subscribe@MarketingBestPractices.com or visit <http://www.MarketingBestPractices.com>

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