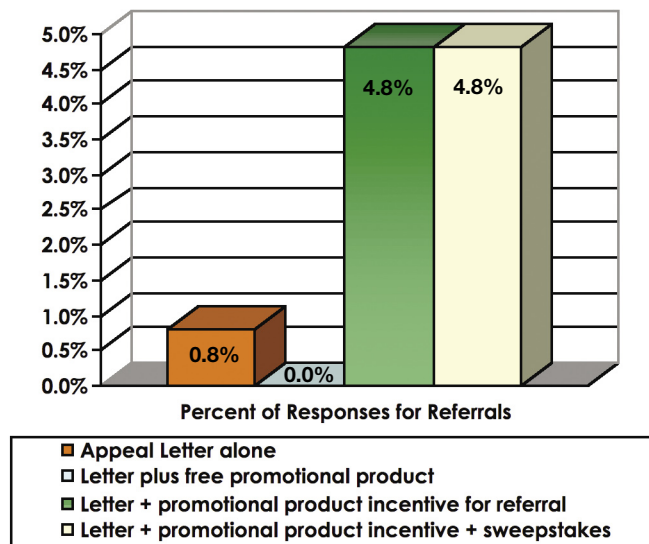


Promotional Product Incentives Produce Valuable Referrals From Satisfied Customers

An Experimental Study



- Accompanying a request for referrals, an offer of a promotional product incentive, or an offer of a promotional product incentive **plus** eligibility in a sweepstakes drew as many as 500 percent more referrals than an appeal letter alone.
- Offers of promotional product incentives are likely to be substantially more effective than enclosing free promotional products with an appeal letter.
- Over time, business from referrals obtained from promotional product incentives is likely to surpass the cost of promotion; however, this is contingent on the quality of the referrals and the persistence of the marketer in following up leads.

The study was conducted in collaboration with a print and mail service company. A population sample of current customers was divided into several groups—125 people in each. In addition to a letter asking for referrals, test groups received either a free promotional product, an offer of a promotional product incentive (a ballpoint pen), an offer of a promotional product incentive (a ballpoint pen) **plus** eligibility for a sweepstakes. Responses, in terms of referrals, were compared to those from the control segment, which received only the appeal letter.

Promotional products work well as incentives for soliciting referrals from customers and provide further goodwill and advertising value inherent in their nature.

*** The study was conducted exclusively for PPAI and the Incentive Performance Center by Alan D. Fletcher, Ph.D. at the Manship School of Mass Communication at Louisiana State University and Rick Ebel, former marketing communications director of PPAI, and principal of Glenrich Business Studies in Corvallis, Oregon.**

Marketers need not rely on their salespeople to elicit new leads for business. Existing customers are a gold mine for getting referrals—when they are asked! Through direct mail offers of promotional product incentives, marketers can leverage customer satisfaction and secure more valuable referrals. These findings are from a 2005 customer “referencing” study done by an advertising faculty at Louisiana State University and Glenrich Business Studies. *