

REPEAT BUSINESS

Keep Customers Coming Back With Promotional Products

Customers who receive promotional products, on average, return sooner and more frequently, and spend more money than customers who receive coupons. In two separate studies, SMU researchers tested whether promotional products would outperform coupons in the area of repeat business and sales.

FINDINGS

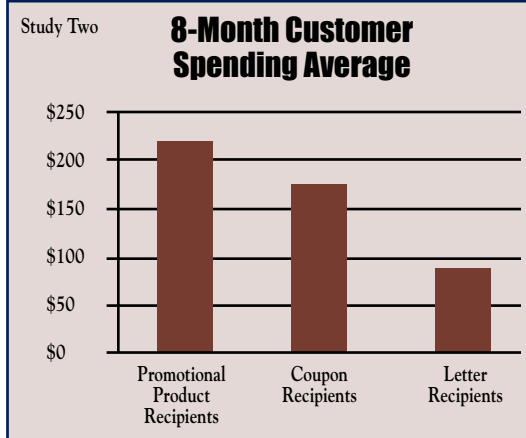
Study One - Food Delivery Service - 1993

- Customers who received promotional products reordered up to 18% sooner than those who received coupons and up to 13% sooner than those who received no promotion.
- Customers who received promotional products also averaged up to 18% more orders than those receiving coupons and up to 13% more than those who received nothing.
- In summary, customers who received promotional products reordered more quickly and ordered more often than those who received no promotional products.

Study Two - Dry Cleaner - 1994

- Over an eight-month period, new customers that received promotional products spent 27% more than those who received coupons, and 139% more than those who received only a welcome letter.
- Promotional products recipients were also 49% more likely than coupon recipients and 75% more likely than letter recipients to patronize the dry cleaner in each of the eight months studied.
- In summary, new customers who received promotional products spent more and were more regular customers than those who did not receive promotional products.

Study details: **Study one** was conducted in 1993 by Southern Methodist University, and consisted of approximately 900 people that were divided equally into nine groups. These nine groups were broken down by type of customer (existing residential, new residential, and business customer) and what they received (promotional product, coupon, or nothing). Products and coupons were valued at \$2. **Study two**, also by SMU, was conducted in 1994, and tracked the activity of 300 new customers at two locations of a dry cleaner. These customers were randomly assigned to one of three groups, all of whom received a welcome letter. Two of these groups received, in addition to the letter, a promotional product or a coupon (each valued at \$5).



REAL WORLD SUCCESS STORY

OBJECTIVE:

To personify a promotion and motivate additional customer transactions.

STRATEGY & EXECUTION:

Playing on the skeptical notion that free checking is as incredible as pigs that fly, this company introduced free checking at its 60 Arizona branches.

Designed as a flying pig, a piggy bank was created to give the broadcast and print advertising a personality and to be used as a premium. Customers who signed up for free checking were offered the piggy bank in return for opening a savings account, applying for credit or other Norwest products.

RESULTS:

The 14,085 new checking accounts and 26,000 additional products purchased exceeded over projections by 70% and 67% respectively.





Research provided by

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