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HOW TO RUN A PROFIT BUILDING BUSINESS GIFT PROGRAM

The spirit of giving.

Everybody likes giving presents and receiving them. That's why for years it has become common practice to give gifts to customers, prospects and other business colleagues.

In the past, almost all business gifts were given at Christmastime. But that's changing. Smart marketers are discovering that giving business gifts at unexpected times creates unlimited opportunities throughout the year to gain favour with customers, build goodwill and increase sales and profits .

According to a recent *Business and Incentive Strategies Magazine* survey, 64% of corporate gift-giving occurs during the Christmas Holiday Season and 50.7% occurs year-round. It seems there is a trend "toward company efforts to differentiate themselves from the competition by giving gifts off season."

This guide is written to help you plan an effective year-round gift giving program - one that can turn prospects into customers and get current customers to give you more business.

Business gifts say "please" and "thank you."

A recent survey says that the target of corporate business gifts is as follows: 76% to major clients as a thank you: 30% of all customers as a thank you and 45% to prospective customers to develop business relations.

Why should you give business gifts?

- ?? To show you care about the customer as a person
- ?? To position your company high in the prospect's mind
- ?? To ensure continued patronage
- ?? To generate additional business
- ?? To build goodwill

- ?? To improve your company's image
- ?? As a reminder
- ?? To thank customers for their business

Five fascinating facts about business gifts

- ?? The median amount spent for gift giving totals \$32,292 per year for companies with a sales volume estimated at more than \$394 million annually*
- ?? The majority of buyers purchase goods directly from the manufacturers (64%)* Watches, clocks and sportswear are the three most popular gifts*
- ?? 37% of companies always customize gifts, whereas 55% sometimes do*
- ?? 3.2 billion dollars was spent for business gifts in one year*

* *Business & Incentive Strategies Magazine, August, 1992*

How business gifts can build your sales and profits year-round.

Why is business gift-giving so effective?

Here are some of the reasons:

- ?? *A targeted promotion.* A direct mail campaign can, at best, target specific markets. But gifts can be personally selected and targeted to key accounts.
- ?? *Personal.* Because of its personal nature, a gift says to the customer, "We care about you. "
- ?? *Repeated message.* Business gifts have a cumulative, repeat effect. If you give your customer a fine watch, for example, he will look at your gift anywhere from 5 to 10 times a day. And every glance will remind him of you.
- ?? *Appreciated.* The right gift makes more of an impact than almost anything else you do for your customer. Everyone likes to get presents.
- ?? *Soft Sell.* Giving a gift nearly always creates a favourable impression. It is a subtle, soft-sell form of promotion that works extremely well. A business gift is a positive, pleasant experience for both the giver and the recipient.
- ?? *Synergy.* Your business gift program can be tied in with promotional or advertising themes to increase synergy and multiply the frequency of your message. For example, using a watch as a gift could tie-in with an advertising theme of saving time.
- ?? *Positioning.* Your gift positions you foremost in the mind of the customer, so that when he/she needs your product or service, he or she thinks of you -not your competitor.

Setting Your Goals , Budget ,And Schedule

You should establish concrete goals for your business gift program. Without such goals, you have no way to measure the success of your efforts.

Try to define your goals in terms of sales or profits. For example: "I want to increase sales among my top 50 accounts by 10 percent each."

But don't get too caught up in the numbers game. Remember, business gifts build long-term goodwill as well as immediate sales and profits. An increase in goodwill is extremely valuable. But it cannot be measured scientifically.

Put your goals in writing.

The important thing is to define goals -both qualitative and quantitative -and put them in writing. You may want to set different goals for each market, each salesperson 's accounts, or individually by customers.

Put together a budget.

One easy way to estimate your budget is to multiply the number of customers getting gifts by the average cost per item. Another approach is to calculate your budget as a percentage of your sales goal. For example: To get a total of \$2 million sales increase among your top 100 customers, you allocate 1 percent of this sales increase for business gift giving. Your budget would be \$20,000.

Obviously giving gifts costs money. But you can stretch your budget by following these three simple rules:

- 1. Always buy from a source that offers quantity pricing.**
- 2. Buy large quantities of a few items rather than a few units of many different items to take advantage of quantity pricing.**
- 3. Buy from a single source rather than multiple ones to reduce shipping and administrative costs.**

Scheduling A Year-Round Gift Program

The most significant trend in business gift-giving today is the increasing number of gifts being given at occasions other than Christmas and Hanukah.

Take advantage of this trend and put the power of business gifts to work for you all year long. Here are some suggestions:

- 1. Plan to spend 1/5 to 1/3 of your business gift budget at times other than Christmas. The reason: Business gifts are most appreciated when given at unexpected moments.**

2. Keep cards filed on each of your clients. Note such personal data as birthdays, spouse's birthday, wedding anniversary, hobbies, children's birthdays. Then give gifts on these personal occasions.
3. One of the best times to give a gift is on a sales call, when it is totally unexpected.
4. Or, send a gift with a personal note by mail- any time.
5. Be creative. Think of new occasions for gift giving, i.e. like a promotion or on completion of a project.

Planning Your Year-Round Business Gift Program

The first step in planning your program is to decide who will receive a gift from you. Your selection should be based solely on your own goals and business objectives. For instance, if your goal is to convert hot prospects to customers, give gifts to prospects, not current customers. If your goal is to increase sales, give gifts to all of your customers.

Setting Levels Of Gift Giving

Establish several price levels for business gifts rather than give the same gift to everyone. Having several price levels to choose from gives you great flexibility in fine-tuning your budget. You can always raise or lower the price level of your gift to a particular customer, depending on your goals and how much you want to spend.

To use this technique, you simply set several price levels and assign a rating to each recipient on your gift list. For instance, major customers getting an "A" rating will receive an expensive gift. Other customers, on the "B" list will receive a more moderately priced gift. And prospects on the "C" list, get an inexpensive item.

You can greatly simplify your life by buying one generic type of product (watches, clocks and other items) from a single supplier who can provide gift items for all price levels, covering your complete shopping list. Hero's Salute is one company that can do this. Work closely with your Hero's recognition specialist. He or she can help you with all your gift problems and provide you with suggestions on a wide assortment of gifts to choose from including watches and clocks.

Consider the advantages of giving a quality personal item.

There are many advantages to giving your customers quality timepieces.

1. Quality watches and clocks are perceived as valuable.
2. Timepieces can be purchased below retail, so the recipient perceives a higher value than the actual dollars spent.
3. A watch is worn at work or leisure and is admired by others.
4. A clock can decorate a home or office and is appreciated by the recipient's family or co-workers.
5. A watch or clock serves as a constant reminder of you and your firm because it is looked at often...year after year.

6. Timepieces from Hero's Salute are available in a broad range of prices, from the inexpensive to the extravagant.

Implementing Your Business Gift Program

After you've made your selection, ask your supplier how long it will take to deliver the merchandise. Be sure to allow extra time if the items are to be personalized or imprinted. (HINT: Customizing makes a gift even more memorable and meaningful.) Instruct the supplier as to whether merchandise should be shipped to you or directly to your customers.

Place your order 3 to 6 months in advance of the deadline to ensure availability of the items you want.

Most orders for business gifts are placed between August and November for the busy Christmas gift-giving season.

Presenting the gift to your customer.

Most gifts are personally presented by salespeople to their customers at the customers place of business. Some companies prefer to have the executives present the gifts. That is really up to you. If you are unable to present it in person, you have the options of having it delivered by parcel, mail or messenger.

Evaluating the Results

Here are the questions you should ask when evaluating the effectiveness of your business program:

- ?? Did you achieve your sales goals? If not, why not.
- ?? How many prospects receiving gifts became customers?
- ?? How many current customers increased order frequency or volume after receiving your gift?
- ?? Were customers appreciative of gifts?
- ?? Did people like the specific gifts they received?
- ?? Get feedback from the sales force. What reactions did salespeople get when presenting gifts? Any suggestions for next time?
- ?? Has enough time passed? Wait 6 to 9 months before making your evaluation.

Other Types of Programs

When you have the need for other types of programs, you'll find the Hero's Salute staff experienced in these areas as well:

Sales Incentives

- ?? Dealer Incentives
- ?? Recognition Awards

?? **Productivity Awards**

?? **Business Gifts**

?? **Safety Awards**

Let Hero's Salute Help You Plan Your Business Gift Program

Our trained specialists are ready to help you. They will sit down and help you plan all your programs and tell you about special ways to customize your gifts. Our consultation service is free and there is no obligation to buy.

Information provided courtesy of Bulova Corporation Hero's Salute's Premiere Clock Supplier