

POSITIVE SIDE OF GIVEAWAYS

The Positive Side of Giveaways

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What are giveaways?

Giveaways as a whole for a business or institution are often defined as things that are given for free to clients, customers or anyone, in general, to promote their own brand or encourage people to buy or endorse their brand/product. These could be in the form of coupons, gift cards and even everyday items with branding on them such as mugs and pens. They are mainly used as a gateway and platform to grab the attention of new customers and allow them to keep coming back.

What are the different types of giveaways?

Coupons and discounts are some of the many types of giveaways that are given to new customers in hopes to have them try the products the brand offers. Things such as 20% off deals are hard for people to resist when casually presented, especially when it is a product they may be interested in already. These work as a great incentive to get customers looking out for more deals in the future or just look through your catalogue.

Gift cards are another very popular form of a promotional giveaway as they're simple and accessible to everyone. This means as a customer you aren't limited on a product to get and this makes them more sought out by customers in hopes to get free things they specifically want. For the business itself, this means you can potentially create a new client.

Lastly, giveaways could be as simple as giving customers branded merchandise that they are likely to repeatedly use. Things such as pens, books, shirts or even bags are simple to practice items that are easily accessible and can be used daily to spread the name of the brand. These are also shown to have a higher [reservation](#) with customers.

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Psychology Behind Giveaways

The foot in the door technique introduced by Freedman and Fraser which consists in “preparing the participant with a small initial request before submitting a second one, later on, was called the “Foot-in-the-Door” (Freedman&Fraser,1966). This is very applicable to the marketing world where giveaways play a part we see this at several stores and supermarkets that offer free samples these work as they provide a small experience with your products. Thus, hopefully driving the client to actually buy something with this opening the door to more products. When it comes to for example purchasing something online on your website, the fact they have already been committed even if it was for free pushes them to further this commitment and keep buying more things.

Things such as signup forms and offers that allow new customers to get special deals such as Uber Eats offering no delivery fee for those who buy an uber eats pass. For a one time purchase, this may be a waste of money since you have bought the pass making it relatively the same amount of money spent if you just paid for the delivery fees. Although, long term when these fees are removed in order to fully benefit from the pass they must keep using the app for delivery and in turn this drives up sales for Uber Eats as a whole.

The Shopping Momentum Effect

The shopping momentum effect is based on the notion that consumers that make a purchase are subsequently much more likely to make another, unrelated purchase. Ravi Dhar and Joel Huber did a [study](#) in which they explained this in an example as participants first chose whether or not to buy a light bulb, and then chose whether or not to buy a keychain. If they did not buy the light bulb, there was a 31% chance that they would choose to buy the keychain, but if they buy the light bulb, the likelihood of them buying the keychain doubled to 67%. This falls into giveaways

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as promotional products and coupons could be used to urge people to buy things while they aren't making a loss in their eyes. This would get them into the door to make them buy something and in turn push them to get something else.

This can also be applied on a different level where the strategy is to highlight the steps involved in buying a product, rather than whether or not you should buy it. The second is to play with the underlying cause of the shopping momentum – the implementation mindset. Customers are more inclined to think about how they can buy your product rather than should they buy. A lot of retail companies achieve this on their online websites by plainly adding features such as “ Quick add to basket” and “ 1 click Checkout” these work well to push the customer to the thought of buying the product without considering the product in itself, an impulse decision in a way.

The Penny Gap

The psychology behind the penny gap illustrates that a consumer will find the barrier between a penny and free greater than the same value of a product they deem more valuable. An experiment from Chris Anderson's book Free: The Future of a Radical Price involved a chocolate kiss and a chocolate truffle. Within this experiment, the kiss was offered for a penny and the truffle for 18cents. The majority chose the truffle over the kiss. However, when the price of the truffle was changed to a penny and the kiss became free, the opposite happened. The truffle was valued more because the chocolate kisses are widely available while chocolate truffles are not. Thus the price of the truffle was better for its value. This can be applied to a company as a giveaway can have the same effect. When goods are offered in return for the things such as signing up for a service or subscribing the subscription is seen at a higher value because they are getting a free product in return. The word free works well to trigger responses in people and urges them to want to take part when they feel they can't take a loss.

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In conclusion, we can see that giveaways are so popular and successful because they work as a humanization of advertising. They are the link between the feeling of bringing a human joy and advertising products. Giveaways can work as a way to show gratitude for a customer's loyalty, and provide a new client or employee with the start of a new relationship with the company.

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References

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