A SIMPLE GUIDE TO RUNNING A PROFIT-BUILDING BUSINESS GIFT PROGRAM.

Bulova Watch Company, Inc. Presentation & Incentive Division

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IT'S AMERICA'S TIME.
Giving important business gifts: an overview.

Do you like to get presents?
Of course. Most of us do. Which is why giving gifts to customers, prospects, and other business colleagues is such a popular activity. So popular, in fact, that a majority of all firms in this country do it on a regular basis.

In the past, almost all business gifts were given at Christmas. But that's changing.

Smart marketers are discovering that giving business gifts at unexpected times creates unlimited opportunities throughout the year to gain favor with customers, build goodwill, and increase sales and profits. Which is why one-third of all business gifts are now given at times other than Christmas.

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.

"The perennial 'thank-you' of business gifts continues to increase in favor as a marketer's good-will tool, but there are growing indications that an important 'please' is being built into the message gifts carry."
—Incentive Marketing magazine, FACT Survey

"Business gifts, after all, look back—to express thanks for past business favors—and look ahead, in anticipation of future good will."
—George Meredith, author, INCENTIVES IN MARKETING
Business gifts say "please"—and "thank you."

According to a recent survey, 61 percent of firms give business gifts to say "thank you," while 54 percent report that the aim of their gift-giving program is to develop more business.

8 reasons why companies give business gifts.

1. To show they care about the customer as a person.
2. To position themselves high in the prospect's mind.
3. To ensure continued patronage.
4. To generate additional business.
5. To build goodwill.
6. To improve their image.
7. As a reminder.
8. To thank customers for their business.

Some important facts about business gift-giving:

- American business today spends over $2.5 billion annually on business gifts vs. less than $500 million only a decade ago.

- Does business gift-giving work? Yes. 86 percent of business executives surveyed say that gift-giving is an effective promotion.

- Business gifts are appreciated. 39 percent of recipients remember who gave them a gift 6 months after receiving it...and 80 percent are still using the gift
after that time. In addition, 70 percent buy from companies that give them gifts.

• The most popular business gifts are items for personal use. Personal items are preferred by 55 percent of gift-givers, that's why watches and clocks are so popular.

• A company's key accounts are more likely to receive gifts than anyone else. Of the companies that give business gifts, 59 percent give them to major customers, while only 24 percent give gifts to other customers, and only 16 percent to prospects.

• The average annual corporate budget for business gifts is over $17,000.

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

Why is business gift-giving so effective?
Here are some of the reasons:

1. **A targeted promotion.** A direct mail campaign can, at best, be targeted to specific markets. But gifts can be personally selected and targeted to key accounts by **individual.**

2. **Personal.** Because of its personal nature, a gift says to the customer, "We care about you."
   TIP: Select an item for personal use that will last for years (e.g., a watch or clock) instead of an item that can only be used at the office.

3. **Repeated message.** Business gifts have a cumulative, repetitive affect. 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.

FACT: People forget 90 percent of everything they hear within 2 weeks. Your gift reminds them of you long after your program is over.

4. **Appreciated.** The right gift makes more of an impact than almost anything else you do for your customer. Everyone likes to get presents.

5. **Soft-sell.** Giving a gift nearly always creates a favorable 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.

6. **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.

7. **Positioning.** Your gift positions you foremost in the mind of the customer, so that when he needs your product or service, he thinks of you—and not your competitor.

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**11 ways to use business gifts to build your business.**

1. To introduce a new location.
2. To introduce a new product.
3. To “open the door” for salespeople.
4. To open new accounts.
5. To get more business from current clients.
6. To revive inactive accounts.
7. To turn prospects into customers.
8. To strengthen the seller/buyer relationship.
9. To say “thank you” (and “please”).
10. As a “peace offering” to apologize for past mistakes.
11. To give you a legitimate reason for seeing your client.
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.

Some examples of how to phrase your goals:

"Get 2 new major accounts this year."

"Increase sales among top 100 customers by $2 million total."

"Get XYZ Company to increase their order volume with us by 20 percent."

You may want to set different goals for each market, each salesperson's accounts, or individually by customer.

Putting 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.

For example, if your average cost-per-item is $85, and you have 200 customers who should receive gifts, your budget is $85 \times 200 = $17,000.
Another approach is to calculate your budget as a percentage of your sales goal.

For example: To get a total $2 million sales increase among your top 100 customers, you allocate 1 percent of this sales increase for business gift-giving. Your budget: $20,000.

For most companies, the annual business gift budget averages $17,000 or more. Gifts can range in price from $25 to $350...more for important clients. The number of gifts you give can range from less than a hundred to 500 or more—depending on the number of customers you have and your overall sales goals.

Obviously, giving gifts costs money. But you can s-t-r-e-t-c-h 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.

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**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.

According to one survey, 31 percent of companies say they give gifts on special occasions other than Christmas... including birthdays, conventions, meetings, seminars, trade shows, the 4th of July, New Year’s, Thanksgiving, plant visits, sales calls, and special anniversaries.

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.** Experience proves it.

2. Keep card files on each of your clients. Note such personal data as birthday, spouse's birthday, wedding anniversary, hobbies, children's birthdays, other special events. 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...or create your own. For example, how about giving the client a gift upon the completion of a major project? Or when he gets a promotion or wins an award?

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**Planning your year-round business gift program.**

The first step in planning your program is to decide who will receive a gift from you.

According to surveys, 59 percent of companies give gifts to major accounts only; 24 percent give to all or most of their customers; and 16 percent give to prospects.

But these figures may not apply to you. Your selection of gift recipients 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 your customers.

If your goal is to build goodwill and strengthen the bond between you and your "bread and butter" accounts, give expensive gifts to your top customers only.

You should go through your entire list of customers and prospects and hand-pick gift recipients. Don't let a computer make your selection. Gift-giving should have a personal touch.
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.

Here is a sample budget based on four levels of gift-giving:

<table>
<thead>
<tr>
<th>level</th>
<th>description</th>
<th>gift cost</th>
<th>total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>top 10 accounts</td>
<td>$200</td>
<td>$2,000</td>
</tr>
<tr>
<td>B</td>
<td>next 50 best customers</td>
<td>$100</td>
<td>$5,000</td>
</tr>
<tr>
<td>C</td>
<td>next 200 best</td>
<td>$50</td>
<td>$10,000</td>
</tr>
<tr>
<td>D</td>
<td>top 200 prospects</td>
<td>$35</td>
<td>$7,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>$24,000</strong></td>
</tr>
</tbody>
</table>

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.

Here’s an important tip on gift selection.

**Work closely with your Bulova-trained Representative.** He or she can help you with all your gift programs...and provide you with suggestions on a wide assortment of gifts to choose from in addition to watches and clocks.

Consider the advantages of giving a quality personal item.

There are many advantages to giving your customer a quality timepiece:
1. Quality watches and clocks are perceived as valuable.
2. Timepieces can be purchased below retail, so to the recipient it appears that you spent a lot more for his gift.
3. A watch is worn at work or leisure and admired by others.
4. A clock can decorate a home or office, and is appreciated by the recipient’s family or coworkers.
5. Timepieces are useful—to everyone.
6. Your customer will be delighted when you present him or her with an attractive, high-quality timepiece. No one will complain “I already have one” when you give a Bulova.
7. Timepieces are kept for a long, long time. It’s like having a “little salesperson” on the customer’s desk, wall or wrist.
8. A watch or clock serves as a constant reminder of you and your firm because it is looked at often...time and time again.
9. Timepieces from Bulova are available in a broad range of prices, from the affordable to the extravagant. And everything in between.

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. Instruct the supplier as to whether merchandise should be shipped to you...or drop-shipped directly to your customers.

Are there any specific deadlines by which you must deliver the gifts, such as a trade show, meeting, or convention? 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.
10 tips for gift buyers.

1. Be creative in gift selection. Don't give the "same old thing."

2. Never compromise quality. If your budget doesn't allow you to select top-quality merchandise, rethink the budget.

3. Buy brand names only. Customers perceive brand-name merchandise as having greater value.

4. Make sure all gift items are covered by a manufacturer's warranty.

5. Always deal with professional suppliers who can help you select the right gifts.

6. Get complete product specifications, descriptions, prices, delivery dates, and shipping and packaging information on all items before you place your order.

7. Order sufficient quantity. A small surplus of lower-priced items come in handy for last-minute gift requests.

8. Ask Bulova for assistance in planning and gift selection.

9. Let your supplier suggest ideas to you.

10. Always think of new ways to make business gift-giving work for you throughout the year.

A word about customized gifts.

Ask your supplier whether imprinting or personalization is appropriate for the gift items you have selected. If you decide to imprint, do it in a way that is tasteful.
Presenting the gift to your customer.

Most gifts are personally presented by salespeople to their customers at the customer’s place of business. Surveys show that 65 percent of gifts are given at the recipient’s office; 24 percent at the giver’s place of business; and 27 percent at the recipient’s home.

How are gifts presented? Of companies that give business gifts, 49 percent have the salesperson present the gift to the customer, while 33 percent think an executive is better suited to the task.

Not all gifts are hand-carried. Of those companies that choose to have their gifts delivered, 29 percent use a parcel delivery service; 24 percent send it by mail; and 7 percent send a messenger.

Evaluating the results.

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

Did you achieve your sales goals? If not, why not? By how much did you fall short? Analyze the program, customer-by-customer.

How many prospects receiving gifts became customers? How soon after receiving the gift did they place their first order?

How many current customers increased order frequency or volume after receiving your gift? How soon after receiving the gift did they start ordering more?

Were customers appreciative of gifts? Or did they seem not to care one way or the other?