

COOL TREASURES only from **FISHER BOY**

Hunting for Treasures has never been so COOL!

Collect points off the front panels of Fisher Boy packages to get COOL TREASURES!

10 FREE points inside 2 million packages!

See back panels for details.

FISHER BOY
A GREAT CATCH!

Fast, fun, delicious seafood for the whole family!

SAVE a COOL 55¢

Offer valid on purchase of 10 or more packages of Fisher Boy products. See back panels for details. Void if copied, reproduced or otherwise used. Cash value 1/100¢. Good to Ocean Industries Center, P.O. Box 40000, El Paso, TX 79968-0000. Limit one coupon per purchase. Good only in USA.

Source: Courtesy of Fisher Boy.

▲ A free-in-the-mail premium by Fisher Boy for "cool" prizes and a coupon for 55 cents off.

actually enhance an image. Picking the right type of premium becomes the key. Premiums can be used to boost sales; however, they usually are not as successful as coupon sales. Nevertheless, premiums remain a valuable consumer promotional tool.

In the United States, approximately \$24 billion is spent on premiums each year.¹¹ Although premiums add value and enhance the brand, they are not as effective at increasing profits. Therefore, a clear relationship between the premium's intention and IMC goals should be established. Logically, the goal should be more about image than profit.

CONTESTS AND SWEEPSTAKES

Contests and sweepstakes are popular consumer sales promotions. Companies spend approximately \$1.9 billion on various games, contests, and sweepstakes each year, which appear in both consumer markets and business markets.¹² The prize list determines the success or failure of these appeals. Members of the target market for the contest or

shipping and handling and two proofs of purchase from boxes of Cheerios. The premium is called *self-liquidating*, because the \$4.99 covers the premium's cost. The manufacturer may also receive money for shipping and handling so that consumers are paying most or all of the expense of the item.

Keys to Successful Premium Programs

Successful premium programs have several common elements (Figure 12.5). First, the premium should match the target market. A target market consisting of older, high-income individuals can be reached with a premium such as china or fine crystal. If the market is children, a cartoon figure or a character from Disney or Sesame Street becomes more attractive.

The best premiums reinforce the firm's image. They should not be low-cost trinkets. Offering cheap merchandise insults customers and damages the firm's image. Premium programs succeed when they tie in with the firm's products to enhance the image of the product and the brand.¹⁰

Premiums are integrated with the other components of the IMC program. Premiums provide an excellent means of adding value to a product instead of slashing prices or using coupons. Premiums can serve as a "thank you" to current customers or to attract new customers. *Sports Illustrated* has a rich history of premium programs, from DVDs to watches to phones, which are presented for either renewing a subscription to the magazine or ordering one for the first time.

Some marketing experts believe overusing coupons damages a brand's image. Conversely, premiums might

FIGURE 12.5 ▶
Keys to Successful Premium Programs

- Match the premium to the target market
- Carefully select the premiums (avoid fads, try for exclusivity)
- Pick a premium that reinforces the firm's product and image
- Integrate the premium with other IMC tools (especially advertising and POP displays)
- Don't expect premiums to increase short-term profits

Source: Based on Don Jagoda, "The Seven Habits of Highly Successful Premiums," *Incentive* 173, no. 8 (August 1999), pp. 104-105.

of purchase from
self-liquidating,
cost. The manu-
for shipping and
most or all of the

eral common ele-
should match the
of older, high-
premium such as
children, a cartoon
Sesame Street

firm's image. They
cheap merchandise
image. Premium
the firm's products
brand.¹⁰

er components of
excellent means of
ng prices or using
s you" to current
s Illustrated has
DVDs to watches
renewing a sub-
for the first time.
using coupons
premiums might
es the key. Pre-
successful as
omotional tool.
oms each year.¹¹
ective at increas-
entation and IMC
age than profit.

panies spend
ch year, which
etermines the
the contest or

sweepstakes must desire the prizes in order to entice them to participate. A prize with a low or zero value will not succeed.

Contests

The words *contest* and *sweepstakes* tend to be used interchangeably, yet there are some differences, primarily legal. *Contests* normally require the participant to perform some type of activity. The winner will be selected from the group that performs best or provides the most correct answers. Often, contests require a participant to make a purchase to enter. In some states, however, forcing consumers to make a purchase to enter a contest is illegal. In developing contests, the marketing team first investigates the state and federal laws that apply.

Contests range from the controversial bikini or suntan contests at local nightclubs to popular television shows such as *Jeopardy* or *American Idol* in which contestants must answer questions or win competitions to earn prizes. Although some contests are mostly chance, others require skill. For example, Ryan Leer won a contest held by Quiznos for creating a video clip that featured a fake rocket-launcher shooting Quiznos' "Toasty Torpedo" sandwiches. He won \$10,000 and a year's supply of sandwiches. Customers were able to go online to vote on winning videos, which gave Quiznos additional exposure. In addition, the company added 68,000 customers to Quiznos' marketing database.¹³

Sweepstakes

No purchase is required to enter a sweepstakes. Consumers can enter as many times as they wish, although it is permissible for firms to restrict customers to one entry per visit to the store or location. Probability dictates the chances of winning a sweepstakes. The odds of winning must clearly be stated on all point-of-purchase (POP) displays and advertising materials. In a sweepstakes, the probability of winning each prize must be published in advance.

Components of Prizes

People enter contests and sweepstakes that they find interesting or challenging. Consumers do not enter every contest or sweepstakes they encounter. Instead, they selectively choose. The decision will be based on the perceived value of the contest or sweepstakes prize combined with the odds of winning. The greater the perceived odds of winning, the more likely it becomes that a person will participate.

The perceived value of a prize consists of two components: extrinsic value and intrinsic value. The *extrinsic value* represents the actual attractiveness of the item (a car versus a free sandwich). The greater the perceived and extrinsic values, the more likely people will become involved.

Intrinsic values are those associated with participating. A contest requiring the use of a skill, such as the one with recipes or an essay contest, entices entry by individuals who enjoy demonstrating that skill. Extrinsic rewards become secondary. Instead, participants enjoy competing and demonstrating their abilities. This, in part, explains the popularity of fantasy football and baseball leagues and "pick the winner" sports contests.

Sears recently launched a national "More Green Across America" contest that encouraged individuals to nominate baseball fields, playgrounds, and other community green spaces. The contestants sent photos and wrote short essays about why the area deserved a makeover.

▼ This advertisement for fantasy fishing by Bassmaster is designed to appeal to outdoorsmen.

FANTASY FISHING AT YOUR FINGERTIPS!

FANTASY BASS Fishing

PRESENTED BY: **Puroiator**

FORM YOUR TEAM BEFORE BASSMASTER CLASSIC WEEK!

FINALLY, the fishing tournament season is here! It's time to turn your attention to your Fantasy Fishing draft strategy, and form your own team before the Bassmaster Classic Week! With over \$20,000 in prizes on the line, and a chance to learn from and even meet YOUR favorite professional anglers on the Bassmaster Elite Series, BASS Fantasy Fishing has what you need to make the tournament season even more exciting to follow!

Get In On The Catch and log on to www.bassmaster.com/fantasyfishing.

Source: Courtesy of Newcomer, Morris & Young, Inc.



Source: Courtesy of Luckysurf.com.

▲ The Internet provides a new medium for offering contests and sweepstakes.

Baseball Hall-of-Famer Mike Schmidt was the campaign's spokesperson. Sears narrowed the list down to 10 worthy projects and then had the public vote for the winner. The grand prize winner received a new yard tractor, mower, line trimmer, edger, and blower as well as a visit from the Sears Blue Lawn & Garden Crew to bring the beautification project to fruition.¹⁴

To encourage consumers to continue participating in a contest, the extrinsic values of prizes can be increased by allowing small, incremental rewards. A consumer who wins a soft drink or a sandwich in a sweepstakes at Subway may be more likely to continue participating. Scratch-and-win cards tend to be effective because the reward is instant.

A mobile phone promotion developed by Hip Cricket, a mobile marketing and event company, provided instant notification of winning via text messaging. Hip Cricket developed a sweepstakes for Miller Brewing Company's Icehouse brand. The sweepstakes was the first to be conducted live, during a rock concert. Music fans, 21 years old or older, entered the sweepstakes by text messaging the words "Pick Me" during the concert. At 10:00 P.M., one concertgoer, Melissa Hasty, received word via text message that she had won the grand prize, a 5-day, 4-night Caribbean cruise on the "Rock Boat." Other fans won secondary prizes throughout the night, again, receiving notification via their mobile phone's instant messaging system. Winning is always fun. For Melissa and others at the concert, winning instantly was even more exciting.¹⁵

The Internet and Social Media

The Internet has become a popular location for contests and sweepstakes. It provides opportunities for individuals to see a prize's intrinsic value by creating interactive games to challenge a contestant's ability. The Internet offers promoters data-capturing capabilities. Internet contests are less costly to set up and run than other types of promotions.

The newest trends in contests and sweepstakes include using social media. Microsoft, Sephora, NASCAR, Comcast, Chic-fil-A, and McDonald's have created Twitter sweepstakes or have used Twitter and social media sites to enlist participants for a contest or sweepstakes. The intention is to use the sweepstakes or contest to ignite a viral buzz around the brand.¹⁶

Goals of Contests and Sweepstakes

Contests and sweepstakes encourage customer traffic and can boost sales. Although contests and sweepstakes routinely increase customer traffic, the question remains as to whether they actually boost sales. Some do, others do not. Marketers recognize that intrinsic rewards tend to draw consumers back. This means online games are exciting prospects, because they can be structured to create intrinsic value.

REFUNDS AND REBATES

Refunds and rebates are cash returns offered to consumers or businesses following the purchase of a product. Consumers pay full price for the product but can mail in some type of proof of purchase. The manufacturer then refunds a portion of the purchase price. A *refund* is a cash return on what are called "soft goods," such as food or clothing. *Rebates* are cash returns on "hard goods," which are major ticket items such as automobiles and appliances.

Only about 30 percent of all rebates are claimed. For rebates valued at \$50 or more, the percentage of claims rises to about 65 percent. The inconvenience associated with getting the rebate is the primary reason for low response rates. Too many steps or long