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Advice

Psychology of Selling

Use gift-with-purchase promotions to encourage full-price purchases

But, make sure the gift is related to the product the customer buys to receive it



ONE OF THE MOST FREQUENTLY USED promotional techniques retailers use to encourage customers to buy is “gift with purchase” (GWP). The offer is easy to understand: the customer receives a free gift if they buy a certain item or spend a certain amount. The customer calculates the value of the gift compared to the amount they must spend to receive it, and if the value of the offer is perceived to be more than the price of the

item(s) they must purchase, the customer views the offer as being of a high value and makes the purchase to get the gift.

This offer works well in the cosmetics industry because the gift is usually offered from within the same brand or product range, and a customer who likes a specific brand is more open to trying additional products from the same brand. For example, if a woman is purchasing a lipstick and

has the opportunity to receive a free mascara from the same line, she’s open to this offer because she trusts the brand and because there’s a similarity of end use. If, however, this customer is purchasing a scented candle and is offered a Christmas ornament from a different brand as a gift, her motivation to buy is lowered because the brand and end use are unrelated.

On the other hand, if the ornament is offered during the holidays and if the perceived value of the ornament is high because it’s a limited-edition piece, a collector’s item or from a valued brand, the promotion will have a better chance of working.

The takeaway here is that the gift should be related to the item the customer must purchase to receive it.

When choosing GWP items (and you should because these promotions encourage full-price purchases), ensure the gift is a recognizable or in-demand product from a recognized brand, a collectible or limited-edition piece, or a holiday-related item offered during the appropriate season. ■

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