

Selecting Premiums

Guidelines for selecting premiums for consumer incentive programs.

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There are hundreds of thousands of premiums to choose from, including apparel, sporting equipment, camping gear, kitchen items, electronics, health and beauty products, gourmet foods and candy. Premiums can also be custom-designed for a brand-specific promotion. To narrow the field, marketers must keep program objectives in mind. Ask yourself: Is a low-end or a high-end premium appropriate? Is it beneficial to use brand-name merchandise? Does the premium support the image of the brand? Does the premium idea complement or add value to the brand? Will the premium appeal to the target audience? Should the premium be imprinted with the company logo?

Guidelines For Selecting Premiums

The following includes some suggested guidelines for choosing a premium:

Offer premiums that enhance your brand, making it easier to prepare, use, store, serve or transport.

Capitalize on the equity of your brand's logo, mascot or promotional character by incorporating it into the premium item.

Avoid generic items that are readily available at retail.

Choose premiums that are especially suited to your brand (important for ensuring a strong consumer response).

Whenever possible, offer premiums that promote new or alternative uses for your brand, increasing brand consumption.

Remember that premiums sometimes become collectibles. For example, since the early 1960's, oil company Amerada Hess Corp. has made a toy truck every holiday season, offering it for a low price in a self-liquidating promotion at participating gas stations. Created to thank loyal customers, the toy has become a high-ticket collector's items that sell out fast -- approximately two million/year.

Retail Partnering

If your company sells through retailers, consider them your promotion partners. After all, they may not care about your promotion unless it helps build their business, too.

Retailers like a premium promotion that's an exclusive opportunity (known as an account-specific promotion). If your promotion requires displays, make them easy to assemble. If you're working with a warehouse club or a discount store, consider a display-ready pallet (DRP) where retailers need only open the top of the pallet and put it out on the sales floor. Some companies set up their own in-store premium displays; others pay an agency to do it. Either way, it doesn't pay to stint on this procedure.

Legal Considerations

Legal regulations, safety and FDA compliance may come into play with consumer premium promotions. Postal regulations must be heeded, as well as Federal Trade Commission rules, including the mail-order rule. The mail-order rule states that if you make an offer to the consumer, you must fulfill it within 30-days – unless you specify otherwise. That's why so many offers say, "Allow six to eight-weeks for delivery." Marketers at large companies should consult in-house counsel on such matters. For smaller companies, regulations should be brought up by promotion or ad agencies during the planning process. Premium laws vary from state to state. Some require labeling the package if the premium is not suited for all ages. Others settle for any notification on the package. Other states require notification on every part.

Safety testing can be done by one of two major testing agencies – ACTS and STR, which specialize in premium promotions. The U.S. Consumer Protection and Safety Commission encourages fast-food chains to let it preview premiums before distribution. Federal guidelines should be consulted for such premiums as toy safety and others. Consult an attorney when in doubt.