

The latest trends in Incentives and Promotions

What's working best to influence consumer buying behaviour and drive engagement with brands and marketing campaigns.

A RedBalloon Research Report, Australia & New Zealand, June 2010

Background & Methodology

With every brand looking to out do each other with their latest campaign and find that unique idea to capture share of wallet, in the face of social media boom and challenging economic times we wanted to find out what's really working when it comes to incentives and promotions?

- Data collected during June using RedBalloon online survey
- Number of responses: **AUS = 1,317; NZ = 92**
- Responses by income bracket:
 - <\$50k = 39%
 - \$50k-\$100k = 51%
 - \$100K+ = 11%
- Responses by Generation:
 - **GEN Y** = 31%
 - **GEN X** = 48%
 - **BABY BOOMERS** = 21%
- 85% of responses by women



Promo's, Incentives & Special Offers

How effective are the following promotions or incentives in your purchasing decisions?



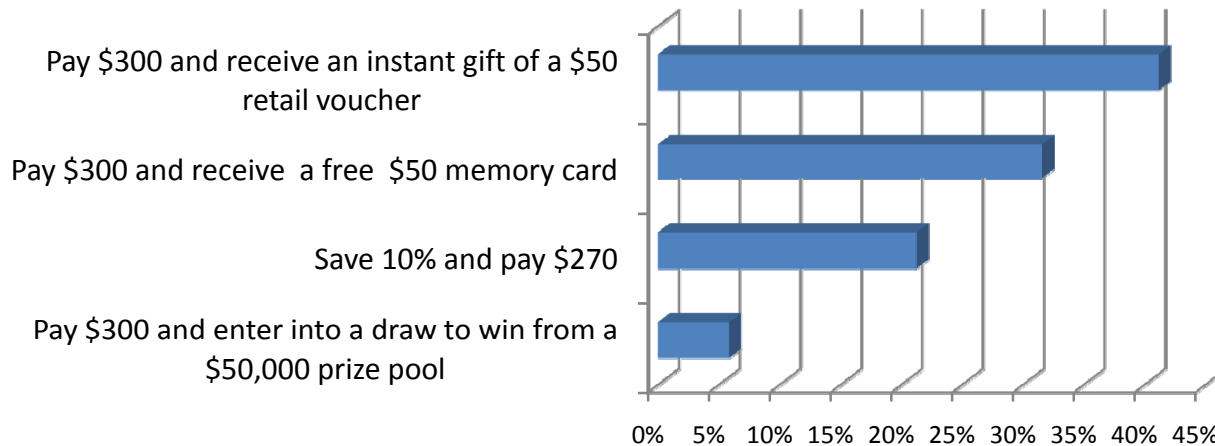
- Price discounts as ever are still the most effective option to influence purchasing decisions. But that's not always an option for everyone – be it de-valuing the brand or to protect margins.
- Gift with Purchase and Competition entries are the next highest appealing offers

The GFC impact
When shopping 83% of us are now more conscious about finding Special Offers or Discounts than we were 12 months ago



Discounts VS Prizes VS Gifts

You need to buy a new camera and have a budget of \$300.
Which one of these offers would you choose?



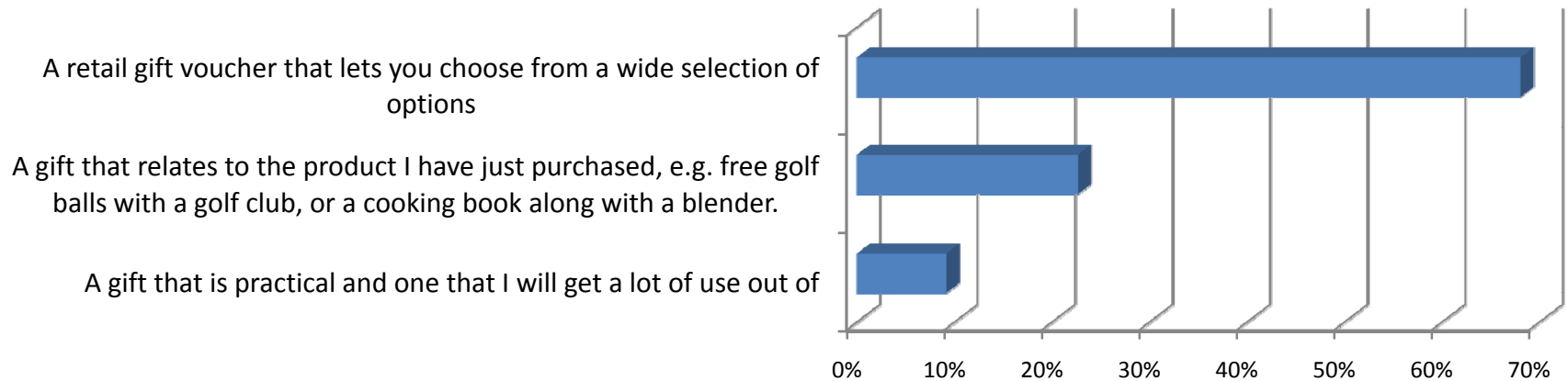
- Whilst price discounts were the clear leader in the previous question, when presented with a like for like comparison, they chose instant gratification and the added value of a gift.
- The gift voucher was twice as popular as a price discount.
- Competitions also rated highly previously, but also chose the two free gift options almost 15 times more

Aussies ‘SUCKERS’ for Special Offers

83% believe we just can't help ourselves to a good special offer and consider ourselves a 'sucker'!
Plus Women (86%) are bigger suckers than Men (73%)!

The best Free Bonus Gift with purchase

Which kind of 'free bonus gift' would you find the most appealing when purchasing a product?



- Gift Vouchers are clearly the most appealing gift with purchase
- People like choice and to have options on how to use their gift.
- Gifts that relate to product make sense but just aren't as popular – they also limit the appeal as it's a specific item and subjective to each buyer

Influences on brand & product switching

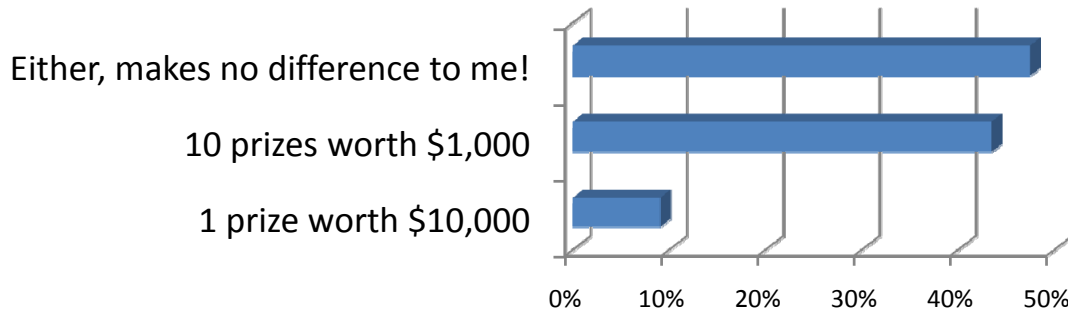
Over the past 12 months, what has made you trial a new brand of product/service?



- Discounts and Free gifts and merchandise have been the most popular brand switching influencers. No doubt this reflects the increase use of these offers but also confirms their success.
- 1 in 10 people had not switched brand because of any of these options

Competitions and prize giveaways

Which prize is a better incentive for you to enter a competition?



- Consider how you split up your prize budget. Avoid having just one prize as people want a greater range of prizes available to give them a sense that they have a better chance of winning something

Instant gratification VS Chance prize draws

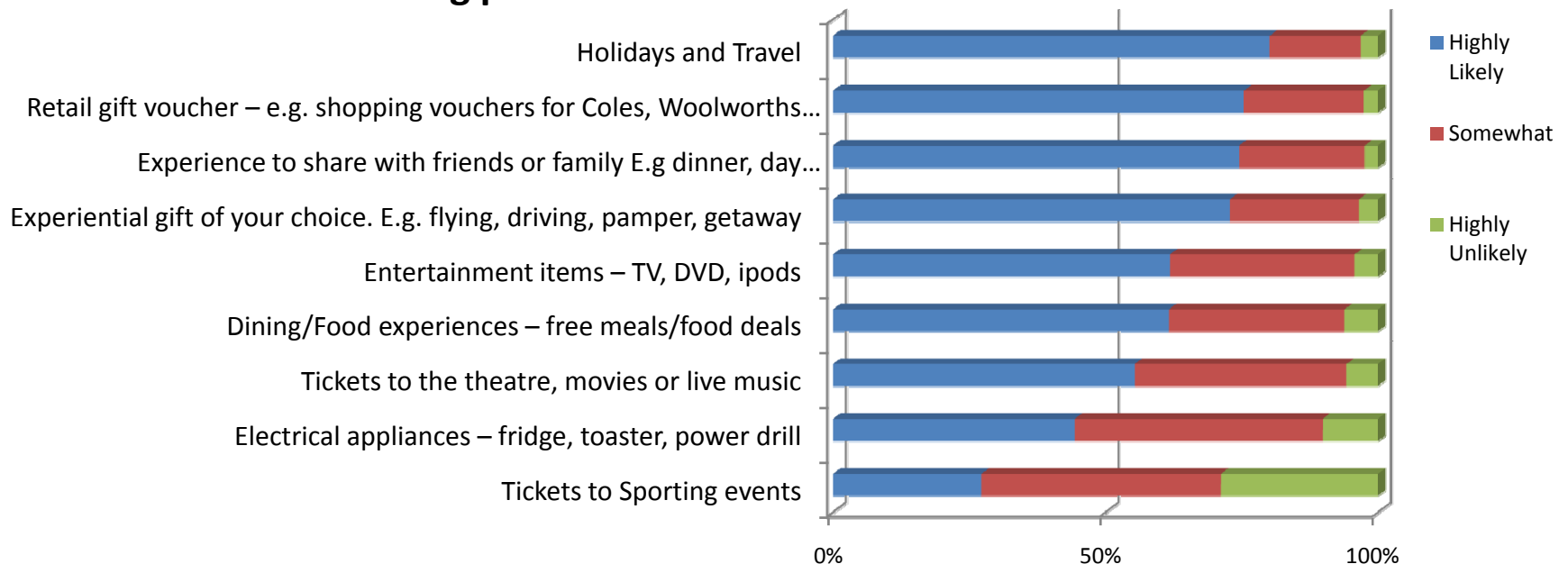
- We prefer it Instantly - 3 to 1! When entering a prize draw competition 75% of respondents would prefer to find if they have won instantly compared to entering the draw and finding out at a later date they have won or lost.

I'M A WINNER!

- When entering a competition 51% of respondents believe they don't think they have a chance of winning and are pessimistic.
- Kiwis (61%) are more optimistic than Aussies
- Gen Y (42%) are less optimistic than Boomers (53%)

Competitions... What's in it for me?

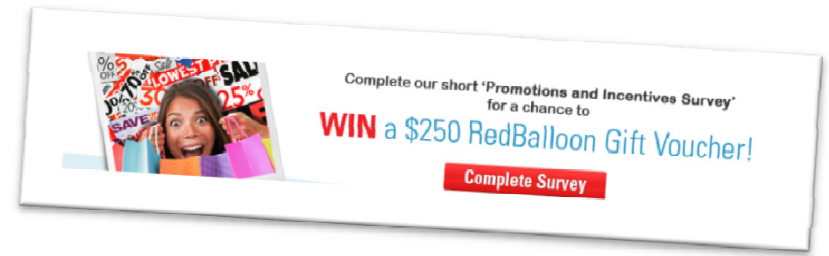
How likely would you be to enter a competition for a chance to win one of the following prizes?



- Top 4 Prizes are very equal in high appeal with over 75%
- Two of top 4 most appealing involve CHOICE in the gift
- Three of Top 4 most appealing are experiential
- Entertainment/Electrical items had much less appeal than expected and tickets to sporting events where the most divisive prize and shows it needs to be very aligned to a specific target market

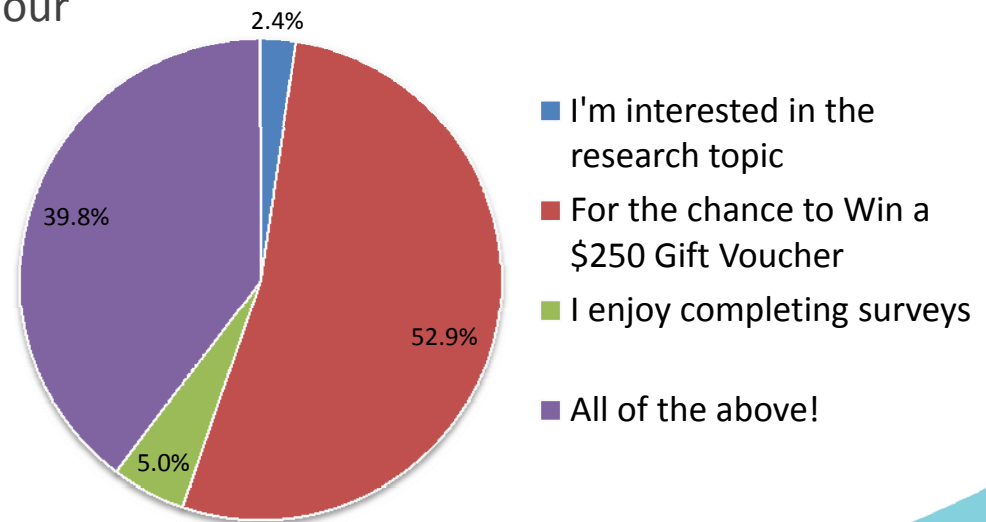
The right incentive makes all the difference

This survey is the perfect example. Respondents who answered this surveyed where offered the chance to **Win a \$250 RedBalloon Gift Voucher**.



We had a great response rate (14%) to our EDM resulting in over 1,400 responses.

When asked **'Why did you complete the survey?'** the overwhelming response was because of the chance to win the Gift Voucher (53%) and little to do with the actual survey content or the desire to complete surveys.



- I'm interested in the research topic
- For the chance to Win a \$250 Gift Voucher
- I enjoy completing surveys
- All of the above!

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