

New study reveals strategy for using free giveaways to maximize sales

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New research from the University of Miami School of Business Administration offers marketers a strategy for how best to structure free giveaways with products in order to maximize sales.

The study, just published in the *Journal of Marketing*, shows that when a product that triggers more emotion (called affect), such as makeup, is offered with a free [gift](#), shoppers are more likely to buy that product if the type of gift is unknown than if the type of gift is revealed. So much so, that in this case, it can up to double the purchase likelihood. Conversely, if a product that triggers less emotion and more cognition (called cognitive), like a [vacuum cleaner](#), is offered with a gift, but that gift is unknown, shoppers can be up to 50 percent less likely to buy the product than when they know what the gift is.

"Past research has supported both the positive and negative effect of uncertainty in promotions," said Michael Tsiros, department chair and professor of marketing at the University of Miami School of Business Administration and one of the researchers. "What we have lacked so far was a framework that can explain when uncertainty will harm and when it will benefit marketing promotions. This work is novel in that it shows that the effectiveness of these promotions depends on whether the [purchase decision](#) is affective, meaning there is an emotional influence on the [decision-making process](#), or cognitive, meaning there is more cognitive processing," added Tsiros, who conducted the research with Juliano Laran, an assistant professor at the School.

The research involved four studies of more than 1,000 people in both field and lab settings. Other findings include:

Offering one out of a possible four free gifts can be more effective for affective decisions than offering two certain gifts. This is because two certain gifts might "kill the fun" associated with uncertainty,

something people making more emotional purchases like. The opposite is true for cognitive decisions.

Surprise coupons (coupons you bring to a store and, at the check out counter, their discount value or free gift is revealed by the clerk scanning a code) are becoming common with bookstores like Barnes & Noble. The researchers' prediction is that surprise coupons for magazines and other entertainment products will be more effective for those making affective decisions than for those making cognitive decisions, like for textbooks.

"Marketers struggle to design effective and profitable promotional campaigns," said Laran. "This research has both theoretical implications for research on affect and uncertainty, and practical implications for marketing managers designing and implementing campaigns, big and small."

Provided by University of Miami

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