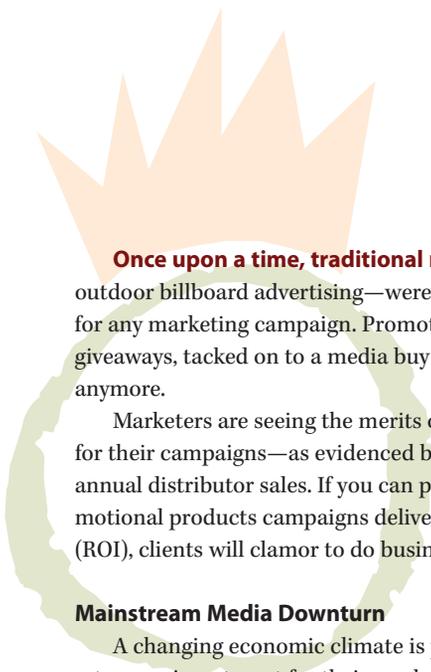




ROI is KING

# THE BIGGEST REASON PROMOTIONAL PRODUCTS OUTPERFORM TRADITIONAL MEDIA IS THE QUANTIFIABLE RETURN ON INVESTMENT. LEARN WHY THIS IS SO IMPORTANT AND HOW TO USE IT TO EARN BUSINESS. By Brittany Glenn



**Once upon a time, traditional media**—TV, radio, print and outdoor billboard advertising—were regarded as the foundation for any marketing campaign. Promotional products were simply giveaways, tacked on to a media buy as an afterthought—but not anymore.

Marketers are seeing the merits of using promotional products for their campaigns—as evidenced by the continued increase in annual distributor sales. If you can prove to clients that your promotional products campaigns deliver a return on investment (ROI), clients will clamor to do business with you.

## Mainstream Media Downturn

A changing economic climate is pressuring marketers to show return on investment for their marketing dollars. And that's hard to do with traditional media. Perhaps this is the reason for its decline.

Traditional media were hit particularly hard in the third quarter of 2008, according to strategic advertising and marketing information firm TNS Media. Spot TV fell 2.6 percent. Newspaper advertising plunged by 10 percent and radio advertising by 8.8 percent. Outdoor advertising also endured a loss of 0.5 percent.

TNS Media reported in a December 11, 2008, news release that, overall, traditional ad spending was down by two percent during the third quarter of 2008 compared to 2007, despite a boost from the Summer Olympics and political elections.

“Media ad spending, which began tiptoeing into negative territory in early 2007, has crossed an inflection point in the past six months,” said Jon Swallen, senior vice president of research at TNS Media Intelligence, in the release.

By comparison, 2007 was a banner year for the promotional products industry, which was buoyed by a 3.5-percent increase to \$19.44 billion in sales—compared to \$18.77 billion in 2006.

In a time when traditional media are foundering, promotional products appear to be flourishing. Why? There are several reasons, but the most important one is promotional products get results—they deliver return on investment (ROI).

“Promotional products are better positioned than other media right now,” says Bruce Felber, MAS, a member of the PPAI Board of Directors and creative director/account executive for Twinsburg,

Ohio-based advertising, public relations and marketing firm Felber & Felber Marketing (UPIC: felber). Felber's company is a full-service agency offering both traditional media and promotional products.

Scott Testa, Ed.D., visiting professor of marketing for Saint Joseph's University and owner of Blue Bell, Pennsylvania-based consulting firm Scott Testa, Inc., says there are so many different advertising and marketing messages that people are overwhelmed. “You really have to practice out-of-the-box marketing to stand out from the crowd,” he adds.

The demand for marketing dollars accountability is forcing marketers to explore nontraditional media. Promotional products are appealing for a variety of reasons—all related to ROI.

“During a recession, some corporate buyers are told they have to cut their media budgets,” Felber says. “Promotional products are tangible. Buyers can see what they got for their money.”

“In a down economy, the more you can influence the emotions of a prospect, the better you're positioned,” says Christopher Duffy, MAS, senior vice president marketing of Union, Illinois-based supplier BAG MAKERS, Inc. (UPIC: BAGMAKRS). “Promotional products are more effective than other media because they excite the five senses. You can touch, feel and experience promotional products—as Paul Kiewiet, MAS, CIP, former PPAI chair, pointed out.”

## Happy Medium

Joseph G. Scott, MAS, vice president of Chanhassen, Minnesota-based distributor Scott & Associates, Inc. (UPIC: SCOTTASC) and member of the PPAI board, recently converted a TV advertiser into a promotional products customer by discussing the merits of ROI. He had seen the company's commercial on a local TV broadcast, and he decided to make an appointment with the company's marketing director.

Once face-to-face with the marketing director, Scott said, “Let me ask you a question: What is your ROI on your TV ads?” The marketing director replied, “I don't know. That's a problem.”

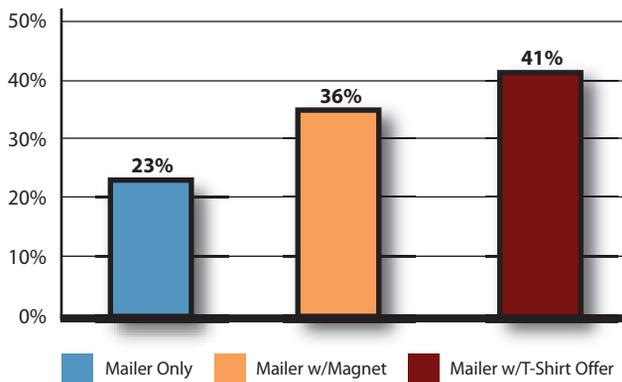
Scott asked, “What do you guys spend on TV advertising?” The marketing director replied, “We probably spend \$100,000 a year.”

Scott said, “If you would be willing to invest that money with my firm, I can guarantee you that I'll have proof that your message is delivered to exactly who you want it to go to.” The marketing

# Increase ROI With Promotional Products

PPAI research proves that promotional products increase return on investment for all sorts of promotional and marketing objectives from tradeshow promotions to image building. Distributors can help their clients choose to add promotional products to their marketing plans by sharing the following results:

In one experimental study using a pre-registration list of attendees for a Baltimore, Maryland, show with 379 booths, a sample of 797 pre-registered attendees was drawn from a total registration of approximately 2,000. The sampling was divided into three groups. Group A received a pre-show postcard asking them to stop by the booth. Group B got an inexpensive imprinted magnet and an invitation to stop by the booth. Group C got a postcard offering a t-shirt for redeeming the postcard at the booth. See the results below:



For more Sales Power Tools and other PPAI research, go to [www.ppai.org](http://www.ppai.org).

director's interest was piqued. "Also, I'll be able to provide you with ROI—hard solid numbers," Scott added.

Scott got the account. The entire \$100,000 is earmarked for his firm. How is he planning to deliver ROI? Because the marketing director knows exactly who he wants to target, Scott will help him choose a premium promotional product to be used in conjunction with direct mail. The product will be delivered via FedEx or UPS, so prospective customers will have to sign for the item when it arrives. A call-to-action will be used in the direct-mail piece to measure the response rate.

Scott views the shifting sands of media in a weak economy as an advantage for the promotional products industry. "A lot of organizations are decreasing their marketing presence during this economy," he says. "If they switch to an engaging medium like ours

they're going to get noticed, and they will be able to track ROI. We have a phenomenal opportunity in front of us. We just need to realize we have the best promotional solution there is—end of story."

Marsha Londe, CEO of Atlanta, Georgia-based promotional products consulting firm Tango Partners (UPIC: TangoP), says promotional products deliver more hits for the money.

"This industry used to be considered 'trash and trinkets,' but not anymore," Londe says. "We are many agencies helping our clients. It's just that our vehicle is a concrete promotional product instead of broadcast or print media. We're marketers and branders, and we shouldn't forget it."

"We need to talk to the people who are responsible for buying media—because we are media," Scott says. "We have the only medium that can guarantee ROI. Every one of our clients has a marketing budget for 2009. Why the heck can't we take all—or part—of it? We deserve it because we have the most engaging medium there is."

## Direct To The Source

Today, advertising messages are delivered through a dizzying media mélange, not the least of which is the internet—including search engine results pages and e-mail services with sponsored ads, social networking sites and website pages featuring "free" content (now ad banners block you from reading the content for at least 15 seconds, so you have to stare at the banner, glassy-eyed, until the waiting period is over). Additionally, marketing messages are distributed via mobile phones, network and cable TV, radio, direct mail, print media, outdoor billboards and even in display ads on the backs of restroom stall doors.

As a result, delivering engaging messages to the right people is becoming more of a priority for marketers. This accounts for the rise of direct marketing. Direct marketing, of course, targets consumers or businesses via direct mail, e-mail or telemarketing and includes a call-to-action so that responses are measurable.

Felber says promotional products are a big part of direct marketing programs, or at least they should be. "Direct marketing can be used when you combine a promotional product with a delivery method—such as dimensional direct mail," he adds. "Anything that's not flat could be considered dimensional. People used to use the term lumpy mail. The whole idea is you want to rise to the top of the mail stack."

Londe believes the trend toward targeted marketing will only increase—and promotional products can play a role in this development. "In the future there's going to be less buckshot and

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—Joseph G. Scott, MAS, Scott & Associates, Inc.

## “The goal is to exceed your client’s objectives.”

—Bruce Felber, MAS, Felber & Felber Marketing

more straight shot,” Londe says. “With buckshot, you just shoot a gun and the pellets land wherever they land. If you’re going after a target, you use a more refined straight shot. I believe marketers are really going to want to target their audiences in the future. It’s all about knowing your demographic and coupling that with what you want to accomplish.”

When a marketer purchases air time, he or she can narrow the audience somewhat based on viewer demographics. But it’s still a long shot. First, you have to produce a television commercial, which is not cheap. Then you have to buy the time and hope someone sees the spot. This is the opposite of target marketing.

“The reason they call TV and radio ‘broadcasting’ is it’s broad,” Felber says. “Promotional products are ‘narrowcasting.’ You know who you’re giving them to. We’ll be in a better position as people begin to understand this fact. I believe our industry will gain more credibility this year.”

### Why ROI?

New Kensington, Pennsylvania-based supplier Leed’s (UPIC: LEEDS) discusses ROI in its booklet, “ROI: Measuring Return on Investment with Promotional Products.” The booklet provides a succinct definition and examples of ROI, including case histories.

“ROI helps justify using promotional products,” the booklet states. “ROI is defined as the total profit or savings less the original investment. It also acts as a measurement of the effectiveness of promotional products in achieving a desired result. ROI creates the connection between sales and marketing for organizations that are serious about measuring the effectiveness of their internal and external marketing spend.”

Why did Leed’s create a booklet about ROI for promotional consultants? Because the supplier saw a need in the industry and sought to fill it.

“We estimated that less than 10 percent of promotional consultants were talking about ROI with their clients, and that there was a lack of materials to help them show examples of how to measure return on investment,” says Craig Morantz, vice president of sales development for Leed’s.

“Promotional products buyers are continually asked to justify their spending, and we are seeing this now more than ever,” says Leanne Finney, Leed’s director of marketing. “There is no shortage of ideas about how to effectively incorporate promotional products into campaigns. What is often missing, though, is a way to quantify the value of using promotional products. We created the ROI booklet as a way to show how the business benefit can be calculated.”



## The Right Questions To Measure ROI

These sample questions from Leed’s booklet, “ROI: Measuring Return on Investment with Promotional Products,” can help you determine objectives to measure the return on investment of your client’s promotional products campaign.

- What problems do you face?
- What is the desired outcome of the promotion or campaign?
- What is the objective?
- What are you willing to spend to make the problem go away?
- What would you be willing to spend for every extra \$1,000 earned?
- What action do you want your recipients to take?
- Is there a theme to reinforce?
- Who is the audience?
- Do you need different products for varying segments of the audience?

The booklet was also created to elevate the image and use of promotional products in the client’s view, says Morantz.

The Leed’s booklet emphasizes that understanding clients’ objectives will help promotional products be perceived as a more valuable marketing tool that can have a calculable ROI. For a copy of the Leed’s booklet on ROI, ask your Leed’s sales representative.

Indeed, the promotional consultants interviewed for this story agreed that understanding your client’s objectives is the key to delivering ROI to clients.

### Understanding Objectives

Andrew Miller, president of Toronto, Ontario-based management consulting and business advisory firm ACM Consulting, Inc., says that the key to delivering ROI to clients is establishing objectives that can be met and measured.

## “We’re marketers and branders, and we shouldn’t forget it.”

—Marsha Londe, Tango Partners

“By measuring objectives through an increase in profit or market share, or a reduction in operating costs, a [promotional] consultant is ensuring a tangible benefit to the client’s financial position,” Miller explains. “Even for those projects that may not directly impact the bottom line, there are measures that can show success, such as improved customer satisfaction, increased employee retention or a reduction in product returns.

“In either case, the [promotional] consultant works with the client to develop the objectives of the engagement and how meeting those objectives will be measured,” Miller continues. “Since these are established upfront, there is little question as to the ROI that the client will achieve and the consultant will deliver.”

Felber, Londe and Scott agree with Miller. “The goal is to exceed your client’s objectives, so understanding what those are is very important,” Felber says.

“You need to be very clear about your client’s objectives,” Londe says. “Clients have got to be certain of the message they want to deliver. Message, objective, goal—they all go hand in hand.”

“First and foremost, you have to understand the client’s objectives,” Scott says.

Both Londe and Scott say that half the battle to understanding your client’s objectives is getting past the gatekeeper, to the per-

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## Hands-On Lessons In ROI—Plus More

Learn more about program selling and measurement, including ROI, at the PPAI Promotional Consultant and Learning Lab on March 21-23, 2009, at the Renaissance Schaumburg Hotel & Convention Center in Schaumburg, Illinois. The program is designed for promotional consultants who want to boost their skills and abilities in designing and selling integrated programs to clients. It is also the perfect learning opportunity for those who want to elevate their professional consulting skills and their business to a higher-level consulting agency approach. For details, visit [www.ppai.org](http://www.ppai.org) and click on Professional Development under the Members tab.



son who actually understands the client’s objectives.

“Unfortunately, a lot of promotional consultants talk to people who don’t have the answers to our questions,” Scott says. “A lot of times the person is pretty much a gopher.”

“What often happens is the youngest and newest person on board ends up with the job of calling in the promotional products order,” Londe says. “They’re told to get an item for a tradeshow that costs \$1, but they don’t know enough about the event. It’s our job to educate them gently by asking questions such as: Where is the tradeshow? What do you hope to accomplish? Tell me about the ultimate recipient. How many people are coming to the tradeshow? They don’t always know the answers, but you’re giving them the questions to ask their boss.”

Scott says a key question to ask a client is, “What outcomes are you trying to accomplish?”

“Typically the response will be something like, ‘I don’t know; I’m just supposed to buy some pens,’” Scott says. “At that point, the promotional consultant has a huge opportunity. He or she can say, ‘You know, I’ve basically been doing you a disservice because I haven’t explained our firm’s capabilities to you. Sure we can get you the stuff. But let’s talk a little bit about what it’s going to be used for.’ Start asking questions and eventually you’ll get to ‘I don’t know.’ Then you can start talking to the person who is responsible for the objectives.”

### Measuring ROI

In addition to Leed’s simple way of measuring ROI, Felber offers this: “One of the best ways to measure ROI is to calculate the number of leads the campaign generated for the client,” Felber says. “How many more opportunities did it create for the client? Opportunities are measurable. You can do this at a tradeshow; promotional products are used very effectively for attracting booth traffic.”

Londe says there are a variety of ways to measure the effectiveness of promotional products campaigns. “Direct mail is one way to measure ROI on promotional products,” Londe says. “If the client is bringing people to their booth at a tradeshow, they can measure who comes to their booth and the leads they get. If they are running a safety program, they can tell whether or not they’re getting their message across by the number of accidents or the lack thereof. If it’s employee morale, they’ll ultimately know whether employees view what they’re doing as effective by their attitudes.”

Once you get the promotional product in someone’s hands, there are a number of ways to track responses—such as through a dedicated webpage, e-mail address or phone number. “An easy way to track responses is via the internet,” Scott says. “Just hang another page off your website to track people who visit. You could also create a special e-mail address that people can send inquiries to.”

Felber describes a new way to track responses: PURL campaigns. “PURL stands for ‘personal URL,’” he says. “PURLs are microsites used to capture direct-mail or e-mail campaign responses. They can be used to gather and disseminate information. There’s so much power in the technology. It’s a great way to

## Case Study: Sales Increase

Most common sales objectives:

- Overall sales increase (dollars, units or percent gain)
- Increase sales of specific products
- Generation of new accounts
- Cross-selling of products
- Increase number of calls in a given time period
- Increase in market share

A national manufacturer of widgets is looking to grow sales by 25 percent in a given time period. Question: What is the company willing to spend per \$1,000 to increase profit?

Current average weekly sales: 80 widgets

Incentive threshold: 100 widgets

Profit per widget: \$200

Twenty additional widgets, therefore, add \$4,000 in profit (20 widgets x \$200 each).

Winning salespeople receive a total of \$500 in products.

Investment: \$500

Return: \$4,000

**R.O.I.: \$3,500**

## Case Study: Employee Retention

A premier brokerage firm's goal was to maintain 5,000 brokers across the country. During the past five years, the firm saw 800 brokers per year leave. In order to keep the total number of brokers at 5,000, they were spending \$4 million per year (\$5,000 per broker) on training new brokers to replace those who had left.

The firm implemented a travel incentive program in an effort to increase broker retention. If brokers reached certain levels of sales, they were awarded a trip. The firm's tracking showed that brokers qualifying for trips were 84 percent more likely to remain with the firm than those who did not. The return on investment in this case was driven from the cost to train new brokers.

Brokers spend much of their day at their desk. The focus, then, was to build awareness at this touch point. A coffee tumbler was sent to every broker to kick off the annual incentive program. Information on the tumbler included thresholds for various trips and destinations. Inserted in the tumbler was a tip card that

answered all other questions.

Following the promotion, turnover rate dropped from 800 to 700 in the first year.

Investment: \$50,000

Savings: \$500,000 (100 fewer new brokers to train x \$5,000 per-person training cost)

**R.O.I.: \$450,000**

## Case Study: Tradeshow Attendance

A manufacturer of a premium food service coffee maker invests \$25,000 in booth and staffing costs to attend a regional tradeshow. Their challenge was to increase return on the show investment through the in-booth sale of their coffee makers, which yield a profit of \$3,000 each.

Flash drives were mailed to pre-selected buyers attending the show. A pre-loaded link took them directly to a website where they were asked to fill out a questionnaire about the kind of coffee maker they were seeking. At the end of the questionnaire, they were invited to stop by the manufacturer's booth for a gift valued at \$100 (no purchase necessary). Buyers were simply asked to invest 15 minutes of their time for a brief presentation.

The cost of the flash drives and mailing to 500 buyers was \$15 per piece for a total of \$7,500. The cost of the website was \$1,000.

The information was extracted from the website and the leads were divided among the sales force. Sales reps e-mailed their group of buyers with a specific time to visit the booth for their 15-minute presentation and gift.

Result: Of the 500 recipients of the mailing, 150 filled out the questionnaire and visited the booth for a presentation (resulting in gift investment of 150 x \$100, or \$15,000). From those 150 visitors, orders were placed on the spot for 30 of the coffee makers.

Investment: \$48,000 (Mailer, website, show and gift)

Sales/Profit: \$90,000 (30 unit x \$3,000 profit each)

**R.O.I.: \$41,500**

Source: Leed's booklet, "ROI: Measuring Return On Investment With Promotional Products," available from your Leed's sales representative, [www.leedsworld.com](http://www.leedsworld.com).

collect data for future mailings or campaigns. As they become more known, people will be doing more of them. It's the wave of the future because they combine the best of the internet with the best of direct-marketing techniques."

However you choose to measure the response rate your campaign engenders for your client, it's a good idea to make sure you get a copy of the e-mails, phone calls, webpage visits, attendance and safety records (for employee programs), etc. That way, you can compute your client's ROI on his promotional products cam-

campaign while he is busy running his company. In the process, you will create your own economy, Scott says.

"It doesn't matter what's happening with the economy because if you are tying yourself to your client's objectives and making them happen, you'll make your own economy," Scott says. "You don't have to worry about selling for price anymore." 

*Brittany Glenn is a Dallas-based freelance writer and frequent contributor to PPB.*