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Biz Savvy

Giving away something of value could bring in cash

Free might be the price point you've been looking for to increase sales

Premium content from Sacramento Business Journal - by Larry Mandelberg, Contributing writer

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The fastest way to increase sales is to give away something of value. Not something you think is valuable; something your target market thinks is valuable.

I'm not under the influence of drugs and I haven't lost my mind. This approach has been around for centuries and it works just as well now as it has throughout history.

If you think I'm crazy, go online and look up the stock price for **Google**. Its ticker symbol is GOOG and its stock has been recently trading in the mid-\$500 range. Total market capitalization? \$178.85 billion. That's billion with a "B." When was the last time you paid Google for a search? Its latest offering is free 411 service. Have you used it yet? I have.

There are many examples of companies that have made fortunes offering value for free. From Gillette to Jell-O, Southwest Airlines' peanuts and pretzels to cocktail lounges with free happy hour snacks, there's free stuff popping up everywhere.

The trick is to give real value without asking for compensation. If you can do that, if you can make people feel good, and when they get that feeling without spending any money, they're going to remember it.

You have to be careful with this idea and do some solid planning before you jump in. First, you have to know what your customers and prospects are looking for, and you need to find a way to get it for them without consuming too much of your resources.

Free groceries

When a new supermarket came to Sacramento a few years ago, it struggled to gain a foothold. The company's philosophy was a big departure from the stores it acquired. Customers went through a culture shock as did existing staff and management.

The experience customers had come to expect wasn't being delivered anymore. People's shopping experiences were not being fulfilled. Corporate came up with a brilliant idea — give food away for free.

The way it worked was when you purchased \$25 worth of merchandise, you got a free half-gallon of orange juice. Spend \$50 and you get the OJ and a 5-pound bag of potatoes. Spend \$75 and you get the OJ, the potatoes and a third item, all for free.

The free merchandise was displayed right by the checkout stands and baggers fetched it while you were checking out. I had no idea what was happening the first time it happened to me. My bagger put something I hadn't picked up in my bag. I asked what he was doing and both he and the clerk said, "It's free. Are you sure you don't want it?"

Of course I took it. I didn't really need it, but I took it and went home and told my wife. I also told my friends. Then I told the attendees at the Rocklin Chamber of Commerce when I was the program speaker a couple of weeks later. You would've thought the company was paying me to promote it.

Guess what happened to the company's average customer purchase amount?

Bottom line is it worked, sales came back and it's growing at a steady pace. Checkers are happier, and so are the shoppers. I know this because that very store has become my favorite supermarket, even though it's not my closest.

Free software

If you're selling a service or providing a skill, the same idea works. Tis' the season for taxes, and Turbo Tax, one of the more popular tax preparation tools, is giving its services away for free. Just go to turbotax.intuit.com and select the "Free Edition" — it even includes free eFile.

They're giving away their software for free so the people who are starting to do their taxes become familiar with it. The idea is that as these low-wage earners increase their income,

and the complexity of their reporting needs, they will go to Turbo Tax and become paying customers.

By the way, they also offer fantastic online technical support for free.

What can you do?

Whether you're selling business to business or retail to the general public, you have knowledge and information that is of value to your customers. Capture some of it and put it into a nice format, something that looks good. Then give it away.

Start with your customers, then find other vehicles for distribution that are free. There are many places you can have your material distributed for free if you're not trying to sell it.

From chambers of commerce to the bulletin board in your local grocery store, find a way to get your valuable knowledge into the hands of people, and if they perceive it as having value, they'll be back for more, I guarantee it.

And when they come back, they'll feel a whole lot better about spending money with you because you have already done your part — you gave them something they found value in for free.

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