

Exciting gifts will keep a client hanging around

Corporations don't give for nothing – there's always a quid pro quo, an incentive to get better results, says **Tim Mendham**.

What do you get out of giving someone a gift? Apart from a good feeling, corporations that suffer an attack of generosity towards their customers hope to gain a better relationship with the recipient, as well as their loyalty and, hopefully, more business.

Loyalty schemes for customers are commonplace, with everyone from airlines, rental car companies, supermarkets, even your local video store offering redeemable points to the customer who returns again and again.

But as Richard Batterley, chairman of The Relationship Alliance, a relationship marketing consultancy, points out: "Too many rewards schemes are vanilla – they're all the same offering the same stuff."

"Rewards need to be tailored to the psychographic profile of individual customers' tastes and preferences," he says. "Treat them as individuals."

Which means giving one-off gifts. These can range from objects to events and experiences. But are they really what the recipient wants?

On the low end of the gift bracket – what Batterley calls the "trash and trinkets" collection – it's unlikely. There are only so many caps, T-shirts, desk calendars or business-card holders that you can

use or give away. Further up the scale, Batterley makes the point that the last thing frequent flyers crave is more flights.

A good, all-purpose lightweight suitcase might be handy, but only once. Other gifts, especially for younger customers, are electronic gadgets, audio gear or digital cameras.

At the top end, the rewards you give to your best customers may be lucrative items, but just as often their appeal is not so much in the monetary value as in the experience and good feeling they offer.

These can include tickets to sporting events, travel or attendance at exclusive functions.

"Most of our incentives are educational events," says Kylie Kay, managing director of DriveAway Holidays. "But there are many instances where we just want to say thank you to our loyal customers."

An interactive event, which mixes education, business and pleasure, is more enjoyable than a stand-around drinks session, she says.

"It's more likely to be remembered, along with the business that took them."

This is also what Jayne Powell says. "Champagne Jayne", as she styles herself, runs WineWorks, which holds regular champagne, wine and food classes and tastings.

Over a year, she might be host to 3000 executives and their employees and best customers.

At \$495 a head for the champagne classes, she says this means her clients "are serious about rewards".

But it's not the cost of the event which is most valuable.

"Experiences work better than presents. These are networking environments, an alternative to golf or football matches, and they give people a reason to spend time with each other after hours."

Batterley agrees: "It's as much

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about recognition as reward. Surprise and delight is just as important to your most valued customers."

In many cases, he says, customers would rather have better service than a free gift. Or as Kay puts it: "A thankyou is always nice."

But what's the payoff for the provider? Kay insists: "You don't pay for anything where the return on investment could potentially be negative. I incentivise for volume and growth, loyalty and support."

Maurice Farhart, senior manager for interest rates and currency

products at the Sydney Futures Exchange, is a customer of Champagne Jayne.

At a recent event to launch three new listed products, he used a wine tasting that reflected the products being launched – each tied to Australian, New Zealand and US interest rates, with vertical tasting of wines from each country, complemented by an informal talk from a wine educator.

"We normally receive a 50 per cent RSVP, but we received 80 per cent for the wine-themed launch and more than 85 per cent of these attended."

So experiences work. But if you have to give a gift (or receive one), then it is better to make it a good one.

And what's the winner in the "best reward I've ever heard of" category? Kay thinks a trip around the world with spending money sounded good, as did a new car for an account manager.

Powell cites the top end team taken on a camping trip to, appropriately, the Top End.

Batterley knew of someone who stored up their loyalty points and got a Mercedes and another who bought a work of art from a Sotheby's auction in London. What's around the corner? Just wait for the flight into outer space. Think of the frequent flyer points ...



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Spice it up

- These days rewards are tailored to psychographic profiles.
- Educational events, such as wine-tastings, are becoming increasingly popular.
- Most incentives are organised to spur volume and growth.