

Free Tacos - When Free Isn't Free

How are you attracting customers to your business?

I was just invited to a hockey game by a friend and his wife who own season tickets for our local team here in Las Vegas, the Ranglers. What a great time. Lots of action. High energy. Our home team even won. Good times. But the thing that struck me as the most interesting event of the evening was the promotional offers made by some of the local food chains.

Our friends told us that during the season, Taco Bell gives out coupons for a free taco whenever the home team scores 5 points. Thus far, my friends only received these coupons once this season since it seems rare that they score that many points. The game we were at had that same promotion from Taco Bell, along with yet another. This second promotion was from Sonic, the burger place. Their deal was as follows – If the Ranglers score within the Sonic Minute (a random 60-second time-frame selected during the 3rd period of the game), then everyone in the stadium would get a coupon for a free Sonic burger, no purchase necessary.



Well, guess what! They actually scored during the Sonic Minute and my wife and I got free burgers. What a deal. Ok, so big deal you might be saying, who cares about a fast-food burger? You're right; it's not a big deal. But it feels really good when you get something for free. More importantly, think about what this means to the companies who offer these programs and give away potentially thousands of free burgers or tacos. How can they afford to lose that much money? If that's your thinking, then you need to read on.

It's a simple yet brilliant idea. First, many attendees won't even redeem their coupons. They'll either lose them, not have interest in the product, or just plain forget. And for those that do use them, do you really think they will march into Taco Bell or Sonic, order a single taco or burger, then leave? Of course not. Certainly they can do that because it clearly states that no purchase is necessary. But will they actually only order the free sandwich? (Ok, some people will, but not the vast majority) What most people will do is order several tacos or burgers along with side dishes like French fries, onion

rings, and refried beans, all accompanied by large soft drinks. And don't forget the cheese you want on those burgers at an additional cost. That's exactly what we did at Sonic. We bought a whole boat-load of food along with our free burgers. Saved a lot, but spent a whole lot more. As a result, these restaurants will end up making more money by loosing a few sandwiches. Their sole purpose is to get you into their establishments. And it works perfectly. With a small investment, say 20 cents to make a taco, they will get several dollars of profit from each coupon user.

This is not a new idea, nor one that I'm sure you never heard of before. However, this particular method is far better than the more common offers that give discounts and so-called freebies only after you purchase something else. Coupons and rebates that require a purchase are not free offers at all, yet many of them try to present themselves that way. In Las Vegas, because of so much competition between casinos and restaurants, there are so many free and discounted offers that it's ridiculous. So many choices, so little time. Unfortunately, there are tons of these offers that we receive that are labeled "free" but require a purchase in order to redeem them, which means they are not free at all. These offers include the popular purchase one item and get half-off the second one, or one free item with the purchase of one of equal or more value. For instance, I can get 50% off a meal when I buy a second meal of at least the same value. Frankly, I don't like the idea of being coerced into buying something in order to save money on another. Although I am still saving money by using these offers, and I am happy to do so, I take issue with the false claim that these are free items I am getting. If they are truly free, then there should be no purchase necessary. Otherwise, they should simply call them special or discounted offers.

I don't like being forced to make a purchase in order to save money. I want the ability to get something for free without the requirement to spend any money. That's when free is really free. However, when I do get something for free, I will more than likely spend money anyway (see burger example above). I also recognize that when I take my wife out to dinner I can save 50% on her meal, or even get one of our meals for free. This is a good thing. But not nearly as good as saying come in for a free appetizer, no purchase necessary. If I do come in for the free appetizer, I guarantee you I'll buy a couple drinks to go along with it, at a minimum. But you see --- no contingencies, dependencies or pressure. My point is this; there's a big difference between giving away something for free with no obligation or strings attached and giving me the opportunity to save money only when I spend money. That's when "free" is not really free. Psychologically, the difference is huge.

How are you bringing prospects into your business? You can use similar concepts whether you sell to consumers or to other businesses. Just make sure you don't present something as free when you require them to first make a purchase. Saying you get "One

Dinner For Free” is NOT free when I have to first purchase another dinner. It ain’t free that way. Here are a few examples of how you might alter some of your offers.

Spend money to save money offer: A 25% discount off a \$1995 three-day workshop. This is not enough to get them to come to you. **Free alternative offer:** Come to the first day for free with no requirement to purchase days 2 and 3. As long as they’re flying out there anyway, most people will stay for, and pay for, all three days in most cases. So also offer a discount on the up-sell for the full workshop. But no requirement to purchase anything to make use of the free first day.

Spend money to save money offer: Bring your PC in for any repair or upgrade and we’ll give you a free inspection (check for viruses, spy ware, performance issues, etc) and an analysis report. This is not enough to get them to come to you. **Free alternative offer:** Bring in your PC for a free inspection (check out viruses, spy ware, performance issues, etc) and analysis report. No purchase necessary. If a problem is found, most people will tell you to fix it since it’s already in your hands.

Spend money to save money offer: Purchase 10 licenses of our CRM software and get one license of our accounting link software for free. (This has two problems – 1. It’s not really free if I have to spend money to get it, and 2. What good is it if I don’t have an accounting product I want to link to your CRM product to begin with?) This is not enough to get them to come to you. **Free alternative offer:** Get one copy of our accounting link software for free. No purchase necessary. This offer should only be sent to those customers that have your CRM product AND use an accounting package that your link can interface with. For those who don’t have a need for the accounting link, get one license of our new XYZ software for free, forever. No purchase necessary. Why give away a copy of your software for free? Because if it’s as good as you say, your customers will buy more copies, purchase upgrades, buy maintenance packages, and/or tell other people about it.

Spend money to save money offer: Take a helicopter ride on one of our Grand Canyon Tours and receive a free DVD with beautiful pictures of the Grand Canyon and a free back-pack. This is not enough to get them to come to you. **Free alternative offer:** Get a free DVD with beautiful pictures of the Grand Canyon and a free back-pack. No purchase necessary. And, if you make a reservation for one of our tours, you’ll also get a 10% discount. Here we are combining a true free offer along with an additional discount that is not disguised as a free offer.

Discounts, coupons and special offers are all perfectly fine. They are part of everyday business and what consumers and businesses expect. But always be sure to distinguish the difference between what’s a discount and what’s really free. Also remember that offering free items or services without strings attached has a much better appeal to

purchasers. It will cost you more per offer, but will return more in revenue by getting customers to come to you to purchase more while they are there. Make sure that free is really free.

Good luck and good selling!

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