# Managing corporate gifts as a marketing strategy

**B Okanga**
*Department of Business Management*
*University of Johannesburg*
Okanga@smresearch.co.za

**D Groenewald**
*Department of Business Management*
*University of Johannesburg*

## ABSTRACT

In the contemporary competitive and volatile markets, effective use of corporate gifts as a marketing strategy is a prerequisite for edging out rivals. This research examines how corporate gifts are effectively used by the contemporary South African business enterprises as a marketing strategy. A mixed research method was used by triangulating the results of a meta-synthesis of the theories on corporate gifts with the interview findings on the approach used by the businesses in South Africa when applying corporate gifts as a marketing strategy. Despite the wider recognition of the essence of using corporate gifts as a marketing strategy, most businesses were found to adopt more random and unsystematic approaches of using corporate gifts as a promotional tool. Such approach was found to inhibit effective understanding and mitigation of market trends and threats linked to "copying and pasting" of gifts by rivals and the "hoping" nature of customers' behaviours that often erode business values associated with corporate gifts. It also saddles the seamless blending of corporate gifts with strategies like competitive pricing and quality offerings, and the inducement of the desired sustainable positive effects on customer attraction and retention. The study postulates a new theory emphasising the essence of using corporate gifts as part of an integrated systematic marketing strategy to edify attainment of the sustainable improvement of the market performance of an enterprise.

**Keywords:** Business Strategy, Managing Corporate Gifts, Sustainable Performance

Effective use of corporate gifts as a marketing strategy is a prerequisite for edging out rivals (Friedman & Rahman, 2011:161). Corporate gifts lure customers away from rivals to spur not only increment in the rate of new customers' attraction, but also retention and loyalty of the old customers (Friedman & Rahman, 2011:161). Corporate gifts refer to anything that an enterprise distributes to the general public, whether in appreciation or not (O'Neil, 2011:47). Corporate gifts are often linked to the positive reciprocal psychological implications in which customers tend to think that since they have received gifts, they are in one way or another obliged to pay back by buying from the same business (Shaddy, 2013:44). All these precipitate alluring positive effects on the improvement of customer attraction and retention, and subsequently the increment of revenues and a firm's overall financial bottom-line (Greaves, 2011:33). For certain firms, however, it has often not been the case that whenever corporate gifts are given out, significant returns have been obtained (Raghubir, 2004:181).

Reasons are often linked to the degree of the similarity of the gifts being offered from rivals' gifts, and the preponderance of most enterprises to treat corporate gifts as mere promotional strategies that can be used randomly to induce the desired positive effects on sales' increment (Ebel, 2011:66; Raghubir, 2004:181). Unsystematic approach for using corporate gifts often inhibits effective analysis of the trends in the external business environment, and the undertaking of the appropriate proactive mitigating strategies to ensure that an enterprise is able to retaliate against any reactions from rivals (Raghubir, 2004:181). In perfect market competition, risks of copying and pasting by rivals as well as difficulty of dealing with the modern knowledgeable and "hoping" customers may also diffuse enormous business values that are often linked to corporate gifts (Majumda & Ghosh, 2006:11).

In the midst of all these, sales may tend to spiral when gifts are given and dwindle if gifts are withheld to thereby imply that an enterprise must design a system for continuously using corporate gifts as a marketing strategy (Fan, 2006:43). This can impact negatively on costs, and the ability of firms that use corporate gifts to compete more effectively on the basis of cost advantages. Many authors have examined the types of products that can be used as corporate gifts and to whom gifts can be given as promotional items (Chiliya & Lombard, 2009:70; Oliver, 2011:5; O'Neil, 2011:47;). However, the randomness tendencies of the businesses using corporate gifts seem to have not attracted the attention of most researchers. In effect, only a few prior studies have made significant strides in the assessment of how corporate gifts can be used more effectively as a marketing strategy (Saravanavel & Sumathi, 2006:19). It is such a gap that motivates this research to explore the limitations linked to the random use of corporate gifts as a mere promotional tool, so as to develop and propose a strategic framework that businesses can adopt to effectively fuse the notion of corporate gifts with their marketing strategies.

## LITERATURE REVIEW

A strategy is a practice of analysing changes in trends, visualising and undertaking a pattern of planned and unplanned critical sets of actions in the context of a firm's existing strengths and weaknesses to enable adaptation to the identified changes and achievement of the defined objectives and goals (Mckeown, 2011:11; Kvint, 2009:22). Strategies are often classified as corporate, business, functional, tactical and operational strategies (Mckeown, 2011:11; Kvint, 2009:22). A marketing strategy is part of the functional strategy. It outlines critical activities that an enterprise must undertake to bolster its overall market performance vis-à-vis that of rivals. It is at the operational level that promotional strategies are often applied (Fan, 2006:43). Whereas corporate strategies define the business and direction that an enterprise must pursue, business strategies reflect analysis of how an enterprise can competitively thrive in such a business (Meskendahl, 2010:807).

Unlike corporate strategies, a business strategy achieves this by not only focusing on certain portfolios, but also by adopting measures that enable them to match their activities with the vision and mission in the corporate strategy (Meskendahl, 2010:807). In these endeavours, strategies directed towards enhancing cost leadership, differentiation and customer focus are often the motive of a business strategy (Acur, Kandemir & Boer, 2012:199). Through these strategies, a business strategy influences the extent to which an enterprise is able to improve its overall market and financial performance to a level relatively better than those of rivals (Acur et al. 2012:199). For enterprises aiming to use corporate gifts as a marketing strategy to enhance their overall competitiveness, a business strategy provides the appropriate level in the process of strategy formulation and implementation that corporate gifts can be integrated as part of a business strategy (Greaves, 2011:33).

However, it is unlikely that corporate gifts can bolster a firm's cost leadership. Instead, it can contribute to the overall increment of operational costs (Oliver, 2011:5). Careful analysis of an appropriate framework that edifies cost evaluation and minimisation must therefore be undertaken to enable assessment of how corporate gifts can influence a firm's cost competitiveness (Oliver, 2011:5). Values of corporate gifts may only tend to be reflected in the enhancement of differentiation and focus to improve the competitiveness of an enterprise (Greaves, 2011:33). Differentiation arises from the improvement of corporate brand image, better public relations and perceived quality of services (Preko, 2012:141). In instances where rivals are not issuing gifts, corporate gifts can also be used to differentiate an enterprise from its competitors (Preko, 2012:141). The use of corporate gifts as a business strategy further bolsters a firm's customer focus (Ireland, Hoskisson & Hitt, 2009:66).

If gifts are well tailored, they may enhance effective meeting of customers' needs, satisfaction and improved loyalty rate ((Ireland et al. 2009:66; Preko, 2012:141). All these often translate into the increment of sales, revenue and the overall financial bottom-line of an enterprise (Preko, 2012:141). The integration of corporate gifts as part of the marketing strategy clarifies uncertainties on the critical activities that functional and tactical managers must undertake to facilitate the seamless integration of corporate gifts in the functional, tactical and operational strategies. Such approach smooths efficiency of the process for the use of corporate gifts as a marketing strategy at the lower levels of the organisational structures (Ireland et al. 2009:66).

Empirical facts nevertheless suggest that such approach is not followed by most of the contemporary South African enterprises that tend to randomly use corporate gifts as mere promotional activities that can be undertaken randomly and without systematic planning as a marketing strategy (Glen, 2014:1; Marioz, 2015:2; Munroe & Khambule, 2010:5). This limits the effective understanding of the nature of competition trends, customer needs and how critical concepts such as quality and competitive pricing can be used to support the initiative of ensuring that corporate gifts influence the achievement of the sustainable improvement of a firm's market performance (Friedman & Rahman, 2011:161; Raghubir, 2004:181). As it is indicated in the next section, it is such a deficiency that motivates this research.

## PURPOSE OF THE RESEARCH

The main purpose of this research was to undertake a meta-synthesis of relevant theories on corporate gifts as a marketing strategy so as to identify the challenges that hamper effective use of corporate gifts as a marketing strategy and a strategic framework that can aid businesses to effectively use the notion of corporate gifts as a marketing strategy.

## PROBLEM STATEMENT

The use of corporate gifts just as a mere random promotional tool rather than as a well-planned marketing strategy undermines the ability of managers to effectively understand the nature of competition trends and customer needs. It also affects the assessment of how the concepts such as quality and competitive pricing can be integrated to support the initiative of ensuring that corporate gifts influence the achievement of the sustainable improvement of a firm's market performance. In effect, this research focuses on the assessment of three critical research questions that involve the evaluation of:

- What are the critical key steps commonly used by the South African businesses for enhancing the use of corporate gifts as a marketing strategy?
- How effective are such steps towards enhancing the improvement of a firm's sustainable market performance in the increasingly competitive modern South African business environment?
- Which strategic framework can be adopted for improving a planned and systematic process of using corporate gifts as a marketing strategy by the contemporary South African business enterprises?

While guided by these research questions, the methodology in the next section highlights that this research uses a mixed approach involving the application of a meta-synthesis as a technique for conceptual analysis and interviews as a qualitative research technique.

## METHODOLOGY

A mixed approach refers to a research process in which two or more methodologies or techniques are used to accomplish a single study (Johnson & Christensen, 2008:34). This research uses a conceptual analysis and interviews.

### Conceptual Analysis

The first phase of the methodology involved a conceptual analysis of relevant theories and literature as well as prior empirical studies on the use of corporate gifts as a marketing strategy in South Africa. As conceptual analysis was being undertaken, a meta-synthesis was used in line with Boghossian's (2011:488) prescription to facilitate in-depth critical analysis and identification of themes and subthemes that provide answers to the above indicated three fundamental research questions. As far as the first research question is concerned, thorough review of relevant literature and theories were undertaken in line with Blanchette's (2012:29) postulation to identify common themes and subthemes that explain the critical key steps commonly used by businesses for enhancing the use of corporate gifts as a marketing strategy.

These theoretical findings were compared and contrasted with the findings of prior empirical studies in order to understand whether or not South African businesses effectively use corporate gifts as a marketing strategy. This led to the evaluation of the challenges marring the effective use of corporate gifts as a marketing strategy.

Against such challenges and other findings, the study postulates a strategic framework that enterprises can adopt for enhancing the effective use of corporate gifts as a marketing strategy in the contemporary volatile and competitive markets. These results of conceptual analysis were further triangulated with the interview findings in order to improve the veracity and credibility of the findings.

### Interviews

In a bid to access primary facts on the approach that South African businesses adopt in the use of corporate gifts as marketing strategies, interviews were conducted using a questionnaire designed in line with the four critical research questions that include:

- What are the critical key steps commonly used by the South African businesses for enhancing the use of corporate gifts as a marketing strategy?
- How effective are such steps towards enhancing the improvement of a firm's sustainable market performance in the increasingly competitive modern South African business environment?
- Which strategic framework can be adopted for improving the systematic and planned use of corporate gifts as a marketing strategy by the contemporary South African business enterprises?

Convenience and judgmental sampling as non-probability sampling techniques were used to draw 20 marketing representatives or personnel from both large and medium size enterprises in the Johannesburg area as the sample interview participants. Thematic content analysis was used in the analysis of the interview findings. The three main steps which were used in thematic content analysis include: thorough reading and evaluation of interview findings, identification of key themes and subthemes, grouping of themes according to how they relate to each other, and creating relationship between key themes in order to assess whether they provide a coherent meaningful framework that can be adopted for improving the use of corporate gifts as a marketing strategy by the contemporary South African businesses (Cronin, Ryan & Coughlan 2008:38).

Although the use of a mixed method further facilitated triangulation to enhance validity and reliability of the study, credibility, dependability and transferability were also considered by assessing whether the obtained qualitative data is plausible, credible, and reliable and can be defended when challenged. The details of the findings are as follows.

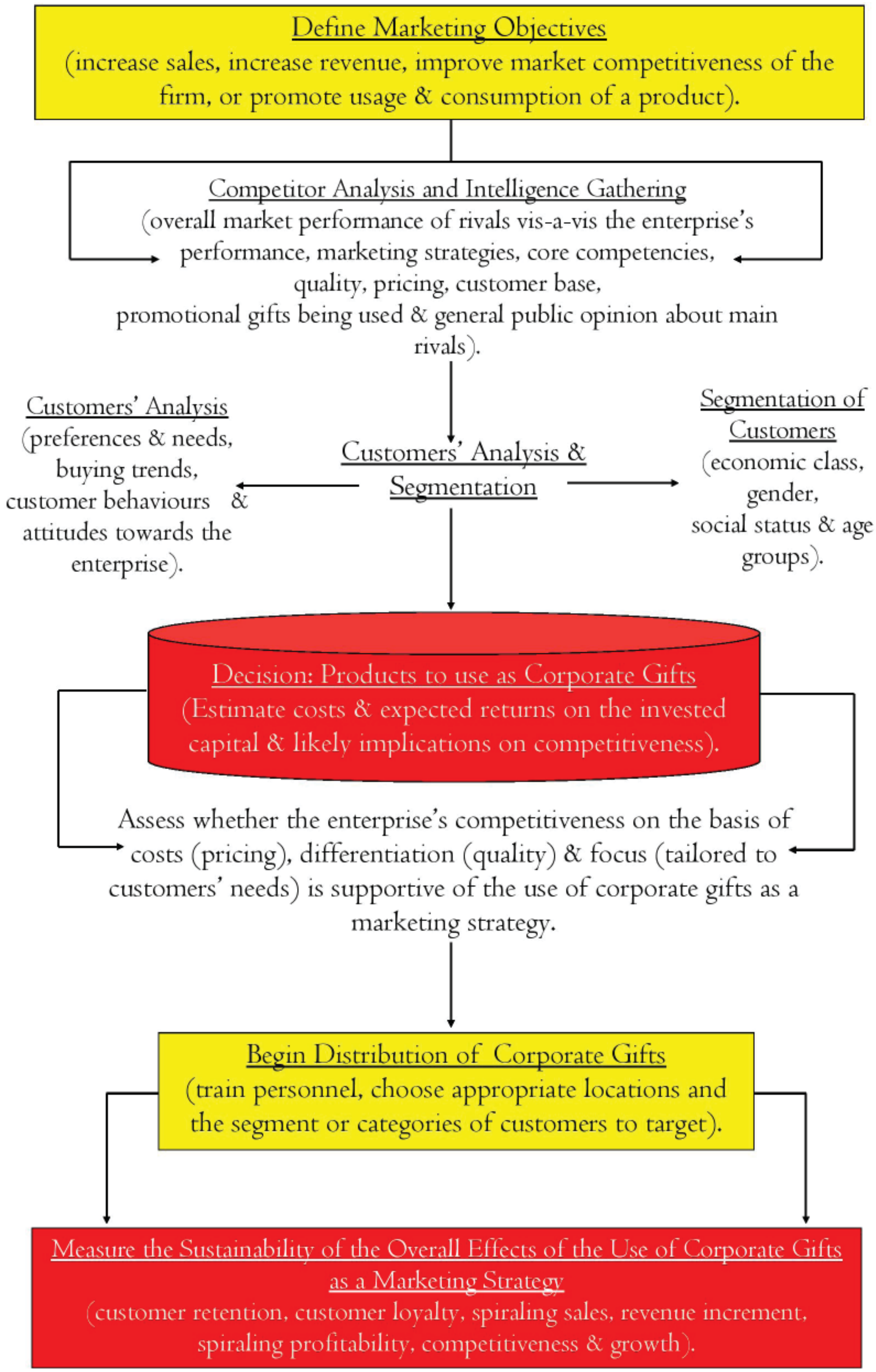
## FINDINGS

Findings are presented and discussed according to the three subsections that include:

- Critical Steps in the use of Corporate Gifts as a Marketing Strategy
- South Africa: Trends and Practices of Businesses that use Corporate Gifts
- Limitations of Simplifying Corporate Gifts as a mere random Promotional Initiative

The details are as follows.

**FIGURE 1:**
Critical steps for formulating and implementing a business strategy




*Source: Researcher's own construct as derived from the interpretation of different theories (David, 2009:10; Collis, Campbell & Goold, 2010:66; Porter, 1986:1; Rumelt, 2011:192) on the key steps for the formulation and implementation of a marketing strategy.*

### *Critical steps: Corporate Gifts as a Marketing Strategy*

Strategic marketing theories imply that for a marketing strategy to influence achievement of the desired goals and objectives, the process for formulating and implementation of a marketing strategy must flow along certain four critical chronological steps. The four steps encompass environmental analysis, outline of goals and objectives, generation and selection of strategic options, and monitoring and evaluation (Collis, Campbell & Goold, 2010:66; David, 2009:102; Rumelt, 2011:19). Figure 1 illustrates the details of these critical steps.

Environmental analysis highlights opportunities that a business must consider maximising or the threats that must be converted into opportunities to improve the overall performance of a particular portfolio (Kvint, 2009:110; McKeown, 2012:18). Quite often, high performing enterprises use a combination of techniques encompassing PESTEL (Political, Economic, Social, Technological, Ecological and Legal) analysis, SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, and Porter's (1996) five forces (threats of new entrants, buyer power, threats of substitutes and supplier power) of competition analysis (MacLennan, 2011:16).

Effective application of such techniques edifies the ability of businesses to gain sights into critical factors like the magnitude of threats from rivals, changes in customers' preferences, changes in market trends and technological evolutions. The understanding of such trends, influences assessment of how corporate gifts can be used to either diffuse such threats or amplify the reaping of the prevailing opportunities (MacLennan, 2011:16). Whether the results of the environmental analysis indicate more threats or opportunities, it is noted in Figure 1 that most goals and objectives in a marketing strategy often involve determining how the overall competitiveness and profitability of an enterprise can be achieved by improving the market performance of all product portfolios (Ireland et al. 2009:166).

The completion of environmental analysis and outline of relevant strategic goals and objectives usually leads to determining strategic options that an enterprise must undertake. Since it is a marketing strategy that translates a corporate strategy into action, most courses of actions in a marketing strategy are often designed along Porter's (1986) three generic competitive strategies that include; cost, differentiation and focus.

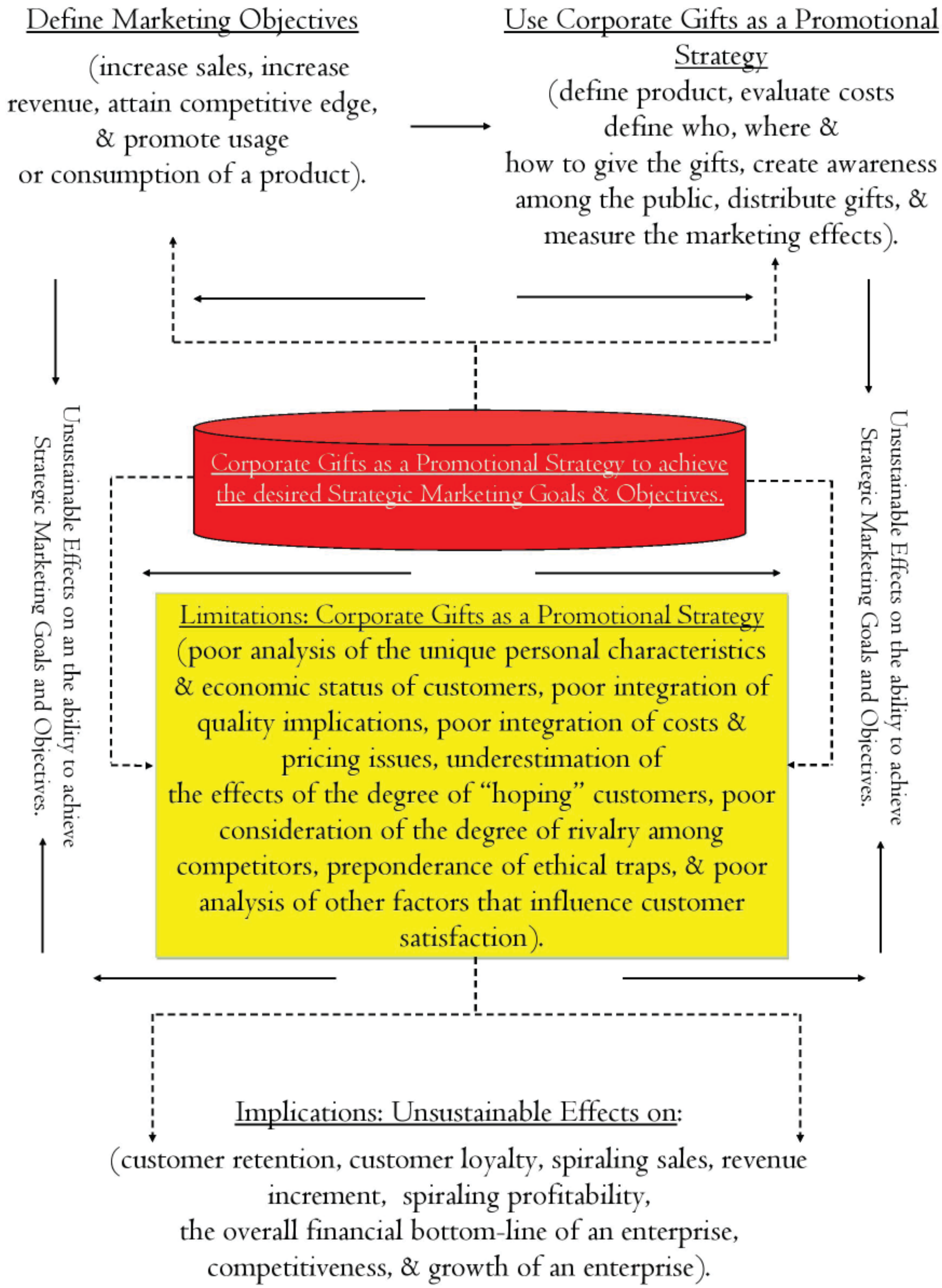
Alignment of corporate gifts with Porter's (1986) three generic competitive strategies entices the extent to which such strategies may be effective. It contrasts to instances where corporate gifts are used to amplify the performance of poor quality products or highly priced products and services. As these strategies are being implemented, monitoring and evaluation influence analysis and control of the process for the implementation of a marketing strategy to ensure that it attains the desired strategic objectives and goals (Johnson, Scholes & Whittington, 2009:20; Kiechel, 2010:49).

Besides the use of growth-share matrix such as the Boston Group Consulting Matrix or Ansoff's grid, the application of Kaplan and Norton's (1996) strategy map and balanced scorecard has often proved more effective for assessing the implication of a marketing strategy on a firm's financial performance, learning and growth, customers and internal business processes (Kiechel, 2010:49: Johnson et al. 2009:20). Unfortunately, interpretation of theories suggests that despite the increasing wider usage of corporate gifts, the approach outlined in Figure 1 is largely ignored in the process of using corporate gifts as a marketing strategy by most of the South African business enterprises (Cameroon, 2014:22). Instead, it is evident across different theories and business practices that corporate gifts are often used as random promotional strategies (Banabo & Koroye, 2011:203; Oyedapo, Akinlabi & Sufian, 2012:123).

### *South African Trends: Practices of Businesses that Use Corporate Gifts*

Triangulation of the results of conceptual analysis of the findings of prior empirical studies on the use of corporate gifts as a marketing

**FIGURE 2:**
Limitations of the Use of Corporate Gifts as a Promotional Strategy rather than as a Business Strategy




*Source: Researcher's own construct as derived from the interpretation and triangulation of the findings of empirical studies on corporate gifts as a marketing strategy in South Africa (Gareth, 2012:204; Oliver, 2011:5; O'Neil, 2011:47) and with the interview findings.*

strategy and the interview findings linked corporate gifts to two practices; its common usage as a promotional strategy, and its more random and less systematic applications. The details of the findings are evaluated as follows.

### Corporate Gifts as a Promotional Strategy

Empirical findings on the use of corporate gifts by the South African businesses signify that the use of corporate gifts is only intersected at the promotional level. Though most of the industry users and theorists refer to it as a marketing strategy (Banabo & Koroye, 2011:203; Oyedapo et al. 2012:123), it was apparent from the findings that most of the contemporary South African businesses tend to use corporate gifts as strategies for achieving the outlined marketing goals and objectives.

As it is illustrated in Figure 2, key themes from the interview findings highlighted that the process for managing corporate gifts among the contemporary South African businesses tend to flow along four main steps; defining the promotional product, evaluating the product in terms of costs and its feasibility as a corporate gift, raising awareness of the public, and measuring the market impacts of such a campaign. Lack of use of appropriate marketing strategy deprives the use of corporate gifts of the essential planning which is usually undertaken to prepare contingencies in case the strategy does not work or the competitor retaliates.

Marketers and business executives often rush into determining products that can be given as corporate gifts without effective environmental analysis and assessment of the likely cost implications (Oliver, 2011:5; O'Neil, 2011:47). At a promotional level, such steps seem critical for enhancing the extent to which marketers and sales personnel are able to understand what is required for the use of corporate gifts to be effectively accomplished as a marketing strategy. However, it ignores and excludes a lot of other prior critical activities that Hill and Gareth (2012:204) emphasise to be critical for the successful formulation and implementation of a marketing strategy.

Drawing from the strategic marketing theories enunciated by Hill and Gareth (2012:204) and Cameroon (2014:22), it is clear that environmental analysis, competitor analysis and customer analysis are all excluded from the process of using corporate gifts as a marketing strategy. In other words, findings imply that there has been a tendency for managers just to distribute gifts at random on the assumption that enormous number of customers will respond to cause increase in sales, revenue and the improvement of the competitiveness of an enterprise (Greaves, 2011:33; O'Neil, 2011:47).

### Random Use of Corporate Gifts

Practices among South African businesses indicate that the random use of corporate gifts often arises from emotional reaction of managers to competitors' actions (Chiliya & Lombard, 2009:70). In this endeavour, managers tend to react by just selecting and using any items as corporate gifts. The implications of such approach are often latent in the fact that as much as some of the customers may tend to be influenced to make purchase decisions, the long term lasting implications on customer attraction are often only minimal (Chiliya & Lombard, 2009:70). This leads to waste and costly exercises that cannot usually be recouped through increment in revenues of an enterprise.

In other cases, the use of corporate gifts by some of the South African businesses has not been accompanied by proper planning as managers seek to depose off products that are about to expire or products that cannot sell anymore. Yet, in the amidst of the increasing contemporary customers' concerns about quality, some of the customers often detect such defects and raise concerns that may affect the overall brand image and reputation of an enterprise (Feder, 2008:21). The purpose of corporate gifts is to improve the brand image and reputation of an enterprise. In instances where, corporate gifts cannot precipitate such business values, then, it is not worth distributing corporate gifts at all (Oliver, 2011:16).

The use of corporate gifts without effective analysis of the business environment deprives the enterprise of the ability to understand certain critical facts about certain customers as well as industry and competitive trends. In line with the illustration of the themes from interview findings in Figure 2, such approach undermines the extent to which corporate gifts are able to influence the attainment of marketing objectives encompassing increment of sales, revenue and profitability. It also mars effective diffusion of competition to enhance the overall competitiveness of an enterprise or promote the use of a particular product or a service (Oliver, 2011:16). This is attributable to the fact that as most of the South African businesses exclude the need for effective environmental analysis, the overall effectiveness of corporate gifts as a marketing strategy tends to be limited by a number of environmentally related factors.

## *Shortfalls: Corporate Gifts as Random and Promotional Strategies*

Figure 2 highlights the triangulation of the results of conceptual analysis with interview findings to reveal that the current approach to using corporate gifts as random promotional strategies is often marred by challenges encompassing:

### *Unique Customers' Conditions*

Due to the unique customers' conditions, findings revealed it is not necessarily a correct proposition that in all instances that either existing or new customers or unintending members of the public are approached with corporate gifts that a firm may get the desired positive responses (Freeman, 2006:16; Glen, 2014:1; Gines, 2008:10). Customers' personal purchase decisions were found to vary according to the overall income levels of customers, and the personalities and status of customers in the society (Glen, 2014:1). For customers in poor geographical regions, corporate gifts may not induce the desired positive reactions in terms of the increment in sales due to the low purchasing power associated with inadequate sources of incomes.

Instead, interviews indicated that customers in such poor geographical regions may tend to view corporate gifts as the source of receiving goods that they would not have been able to purchase using own funds. In such circumstances, an unstructured approach of using corporate gifts which is not accompanied by effective market analysis and segmentation may cause a firm to lose a lot of funds on corporate gifts without necessarily being able to recoup through increment in sales' turnover.

Corporate gifts may also tend to be received and applauded by customers who are not bothered about public opinion. However, that may not be the case for customers of higher class and celebrity status that may tend to shun stores that give corporate gifts on the basis that in the highly media controlled contemporary world, the receipt of a gift from any source may tend to be interpreted differently (Tim, 2011:4).

It also emerged from the interview findings that other customers and members of the public are also often conscious about their privacy when they do shopping or just visit certain stores. Just like customers of high class and status, the use of corporate gifts may not generate the necessary positive responses from such customers. Thorough analysis and understanding of different customers are therefore critical prerequisites before gifts can be randomly distributed. Customer analysis must not only focus on their behaviours, but also the types of products that they consume and their needs. Such a view is attributable to the interview findings that revealed that the positive effects of corporate gifts also depend on the overall type of merchandise that an enterprise trades in.

Enterprises trading in more specialised and ostensible goods may tend to be more affected as compared to the dealers of ordinary and less expensive convenience goods (Syeda, 2012:247). Reasons are attributable to the fact that consumers of ordinary and less expensive convenience goods are often more receptive to corporate gifts as compared to the consumers of specialised and ostensible goods that may try to evaluate the implications of accepting a gift.

Consumers of specialised and ostensible products were also found not to be attracted by the corporate gifts given by the firm. In effect, most of them tend to become loyal to the enterprise not because of the gifts, but due to the strong attachment that they have with certain brands and attributes of the product. That also implies that if consumers of specialised and ostensible brands are not attached to a particular brand, they may also not be attracted and retained using corporate gifts

(Debraj & Mahua, 2011:119; Syeda, 2012:247).

As enterprises grapple with the challenge of managing corporate gifts in the midst of varying customers' characteristics, the other challenge that may arise is linked to the difficulty of ensuring that corporate gifts given to customers who hop from one store to another induce the desired positive effects on sales' increment (Beltramini, 2010:75; Hinestroza & James, 2012:1).

### *Degree of "hoping" Customers*

Hoping customers do not only reduce the impact of corporate gifts on sales' increment and revenues, but also render the use of corporate gifts as a random promotional strategy more expensive (Mohsan, Nawaz & Khan, 2011:263). This is accentuated in the argument that whereas the purpose of corporate gifts is to influence customers to purchase more and treat the store as their own, higher degree of hopping customers implies that customers just receive gifts and either buy nothing at all or just make a once off purchase and revert back to their previous preferable stores. In certain cases, they just move on without necessarily being linked to any store as the most favourite in search of better quality or lower priced items (Mohsan et al. 2011:263).

As hoping customers engage in such behaviours, enterprises tend to lose sales and spend on gifts that they are not able to recoup through increment in sales and revenue. Such a situation arises from the fact that in the modern competitive business environment, firms in different markets are dealing in similar and easily substitutable goods (Marioz, 2015:2). Coupled with the constant improvement in technological development, the drawbacks are often latent in the fact that some of the firms tend to undercut others by charging lower prices (Brandhouse, 2014:3).

Considering that modern customers are also aware about such market facts, the overall market trends are usually characterised by customers hoping from one store to another or surfing pages and pages of different retail stores in search of lower prices or price discounts (Brandhouse, 2014:3). Thriving in such circumstances signifies that firms must design effective measures for managing costs to ensure that in addition to the gifts given, more customer values are also passed through lower prices or better customer services. Factoring in costs and quality influences the extent to which corporate gifts are able to precipitate the desired positive effects on the improvement of the effectiveness of marketing.

It edifies the spread of good "words of mouths" not only about the gifts being given, but also the prices and the quality of product offerings (Bontis, Booker & Serenko, 2007:1425). With corporate gifts blended with prices and quality that are competitive, it may tend to become easier for firms to control risks of customers taking gifts and hoping around different stores and ending up buying from somewhere else (Bontis et al. 2007:1425). In such instances, even if the gifts are removed from the blend, a firm's overall business performance can still be able to thrive on the basis of lower prices or better quality that customers could have been addicted to (Freeman, 2006:16; Gines, 2008:10).

### *Degree of Rivalry*

As much as corporate gifts enhance a firm's competitiveness, its overall effectiveness can still be eroded through acts of copying and pasting by rivals (Zhou, 2009:27). The use of corporate gifts is not a unique strategy for enhancing competitiveness for that in intense competition; corporate gifts can easily be copied by rivals. Except in instances where a firm commands a competitive advantage linked to possession of enormous financial resources over rivals, the value of corporate gifts as a strategy for improving effectiveness of marketing performance can only be minimal (Tishler & Milstein, 2009:519). While using competitor analysis and intelligence gatherance, industries punctuated by rivaling firms are often on the lookout for new actions being undertaken by rivals so as to act accordingly (Tishler & Milstein, 2009:519). However, alternative views prevail that irrespective of the overall level of competition, the power of corporate gifts must not be underrated (Ebel, 2011:66).

As firms scramble for customers' attention through the use of different strategies, firms offering additional products or services in terms of gifts are most likely to attract customers' attention as compared to firms offering nothing (Munroe & Khambule, 2010:5). This renders it possible for a firm to get atleast a few shares of the market and experience increment in sales that would have not been attained had corporate gifts not been used (Oliver, 2011:16). In other words, the notion of corporate gift is an invention attributable to the initiative among firms to diffuse the effects of competition (Preko, 2012:141).

In intense competition, firms using corporate gifts tend to also improve the relationship with their customers and stand better chances of surviving and sailing through sustainable growth (Preko, 2012:141). Limitations may however still arise from the fact that high costs associated with the use of corporate gifts in instances of high competition may threaten the inducement of positive impacts linked to corporate gifts (Majumda & Ghosh, 2006:11). As businesses scramble to impress customers with different gifts, costs spiral to the extent that if not effectively managed, it can hurt the overall financial bottom-line of an enterprise (Majumda & Ghosh, 2006:11).

Some of the strategies for avoiding getting trapped in the risks of spiraling costs may require avoiding getting head on with competitors on how better or more valuable are the gifts that an enterprise can give (Saravanavel & Sumathi, 2006:19). Instead, firms must in conjunction with the emphasis of competitive pricing, and impressive product or service quality, focus on giving out gifts that are largely within their means (Saravanavel & Sumathi, 2006:19). However, as they do that, it has also often turned out that certain gifts given out to certain categories of customers may turn to be unethical.

## *Ethical Drawbacks of Gifts*

Unethical practices can arise if the customer to whom gifts are given is in one way or another involved in other dealings with the enterprise giving out the gifts (Chetwynd, 2005:219). In such instances, corrupt gifts can be interpreted by the larger public or other concerned parties as a corrupt activity or influence peddling. Unethical gifts may not only affect the reputation of the customer, but also the brand image of the enterprise. This can impact negatively on the marketing implications of using corporate gifts. Such a view explains why the use of corporate gifts as a mere random promotional strategy undermines the accomplishment of relevant environmental analysis to enhance the understanding of the implications of different legislations, social and political beliefs in as far as the giving and receiving of corporate gifts are concerned (Tim, 2011:4; Zahorsky, 2014).

In the United Kingdom, the Institute of Business Ethics (2009:1) highlights that it would certainly be unacceptable for a business to offer or receive corporate hospitality which might violate the ethical values of the giver or the recipient company by discriminating or causing offence on the basis of race or religion. In South Africa, the giving and receipt of a business gift may contravene the provisions of the Prevention and Combating of Corrupt Activities Act, No 12 of 2004.

The Prevention and Combating of Corrupt Activities Act, No 12 of 2004 prescribes that: "Any person who gives or accepts any gratification for himself or another in order to act or induce anyone else from acting in a manner that amounts to any illegal, dishonest, unauthorized or biased conduct, or the abuse of a position of authority, or is designed to achieve an unjustified result, or is in breach of a trust, or breach of a set of rules, or to act in any unauthorised or improper manner is guilty of corruption".

The purpose of corporate gifts is to induce improvement in customer relationship, develop and build a bond between the company and the public, and improve the overall brand image of an enterprise. However, in circumstances, whereby unethical issues arise, it was evident from the findings that instead of corporate gifts influencing the improvement in corporate reputation and performance, it can instead turn to be the source of frustrations that mar the extent to which an enterprise is able to gain sustainable performance and growth through the use of corporate gifts as a marketing strategy (Tim, 2011:4; Zahorsky, 2014).

## DISCUSSION

Conventional theories on strategic marketing indicate that a marketing strategy is an articulation of how an enterprise must accomplish certain critical activities in order to be in a business that it desires to be in. The use of corporate gifts is one of such conventional strategies that define what a business must do to be in the business that it wants to be in. Unfortunately, findings signify that most of the South African business enterprises tend to randomly use corporate gifts as promotion strategies. The approach in which corporate gifts are regarded as mere promotional strategies limits the effective integration of factors and accomplishment of activities which are critical for a business to achieve the desired sustainable performance (Ebel, 2011:66).

Findings indicated that corporate gifts is often used in lieu of the analysis of competitive trends, customer behaviours and key competencies to support the overall initiative of using corporate gifts as a marketing strategy. Such approach mars the ability of enterprises to effectively deal with the sudden emergence of reactions from competitors through the use of better corporate gifts (Debraj & Mahua, 2011:119; Syeda, 2012:247).

It also affects the extent to which enterprises can craft a strategy through which the best quality and pricing are integrated with the design and distribution of appropriate gifts. Poor analysis and understanding of customers' needs and their behaviours was also found to inhibit the extent to which businesses are able to design accompanying strategies that can be used to circumvent risks of loss to hoping customers who take gifts, but do not contribute towards sales increment (Beltramini, 2010:75; Hinestroza & James, 2012:1).

By failing to ensure that corporate gifts influence sustainable effects on sales increment, an enterprise incurs losses linked to hefty costs which it is not able to recoup through enormous returns. In other words, the present approach through which corporate gifts are only used as random promotional tools limit the extent to which it is able to influence the achievement of alluring sustainable positive effects on the increment of sales, revenue and profitability, as well as the overall competitiveness of an enterprise (Ebel, 2011:66).

## MANAGERIAL IMPLICATIONS

In a bid to avoid such limitations, it is argued in this paper in line with the illustration in Figure 2 that enterprises intending to use corporate gifts to bolster their competitiveness, must consider approaching the use of corporate gifts as part of a well-crafted marketing strategy rather than just as a random promotional strategy. In the context of the illustration in Figure 3, the embracement of such approach implies that it will enable enterprises elude getting trapped in later market, competitor and customer related challenges that may emerge to distort the effective use of corporate gifts as a marketing strategy. The details of the steps in Figure 3 are elaborated as follows:

### *Determine Business Objectives and Conduct Competitor Analysis*

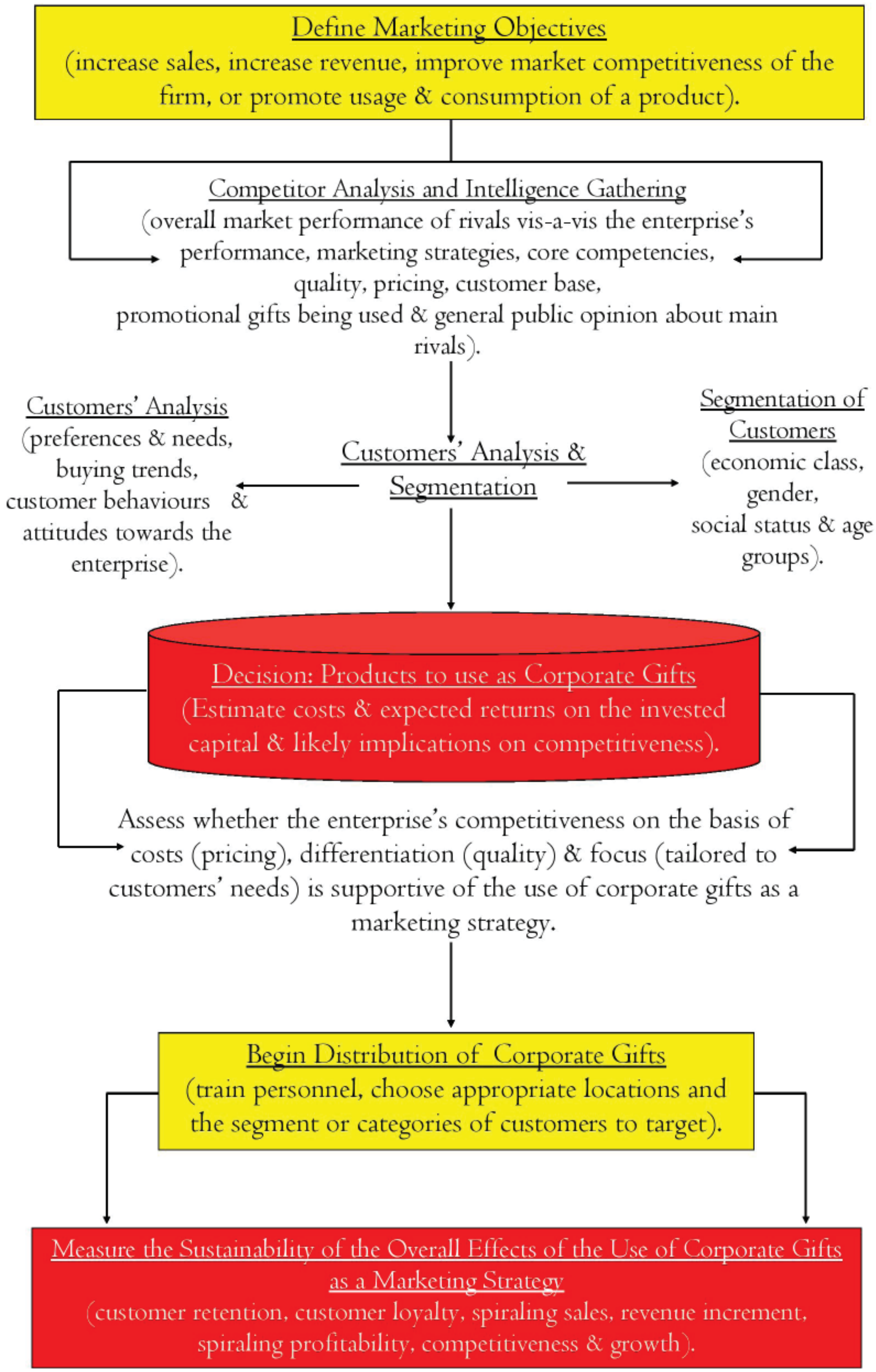
As it is indicated in Figure 3, the first step will require that enterprises determine the objectives or the purpose why the use of corporate gifts as a marketing strategy is important. Some of the objectives that can be transposed either from the wider business and marketing objectives include increment in sales, revenue, diffusion of competition or promotion of a new a product. In contrast to the step in Figure 2 which is commonly followed by most enterprises, the next step requires thorough environmental analysis with specific consideration of competitor analysis and intelligence gathering. Such a view is substantiated in the fact that due to the intense degree of rivalries, firms tend to copy and paste concepts of corporate gifts which are being used by other firms.

In a bid for an enterprise to insulate itself against such risks, it is important that competitor analysis and intelligence gathering focus on assessing; the overall market performance of rivals' vis-à-vis the performance of an enterprise. It will also entail analysis of other factors that include their marketing strategies, core competencies, quality, pricing, customer base, types of promotional gifts being used and the general public opinion about main rivals.

If a firm finds itself to be performing better than rivals, it is apparent that even if rivals retaliate by choosing to distribute gifts; the

**FIGURE 3:**

A Strategic Framework for enhancing the use of Corporate Gifts as a Business Strategy




*Source: Researcher's own construct as derived from the interpretation of different theories on key steps and limitations associated with the use of corporate gifts as a promotional strategy (Collis, Campbell & Goold, 2010:66; David, 2009:10; Porter, 1986:1; Rumelt, 2011:192).*

enterprise will not be affected because of its already established superior market performance. A weaker market position implies that instead of investing on corporate gifts, an enterprise must focus on strengthening its market performance before considering the use of corporate gifts as a marketing strategy. This is attributable to the fact that corporate gifts just edify a thriving market performance. A firm in a weaker market position may therefore not achieve sustainable effects from corporate gifts, even if the decision to invest in corporate gifts is well calculated. The effect is that after receiving a gift, a customer may buy a little or nothing at all and revert to the business whose quality of products and pricing are satisfactory.

### *Customers' Analysis and Segmentation*

It is further illustrated in Figure 3 that the elimination of risks of experiencing loss from investments on corporate gifts is also enhanced by the undertaking of effective customer analysis and segmentation. The assessment of customer preferences and needs, buying trends, behaviours and attitudes will enable the enterprise to identify factors that either favour or do not favour the use of corporate gifts as a marketing strategy. In the event where customer preferences and needs favour the product or service offering of an enterprise, it is most likely that the use of corporate gifts will influence the attainment of sustainable effects on the increment of sales, revenue and competitiveness of an enterprise.

It also implies that even if gifts are withdrawn, sales may not be affected much because there is a general public preference for an enterprise's products or services. As such analysis is being conducted, it is noted in Figure 3 that it is important that the management examines and understands that in markets where customers often believe that there are better gifts or prices and better quality somewhere else, the tendency for customers to hop from one store to another is often high. This can be circumvented by assessing and understanding why customers hop.

If it is because of the pricing or quality, it is important that the management undertakes measures to reduce the general operational costs and lower prices. Such a strategy will enable the enterprise to provide further customer values in terms of lower prices to enhance the overall effectiveness of corporate gifts as a marketing strategy. If the reasons for customers' hoping are related to the search for better quality, then, it is imperative that management invests significantly in strategies that enhance the provision of superior quality products.

It also signifies that if enterprises intend to effectively use corporate gifts, then, it must not be viewed just as a random promotional tool, but a marketing strategy that requires a broader integral approach for it to successfully influence the overall performance of an enterprise. The illustration in Figure 3 signifies that the completion of customer analysis must be followed by market segmentation according to; economic class, gender, social status and age groups. An attempt by an enterprise to distribute gifts to all categories of customers can in certain cases lead to waste and the incurring of costs that it cannot easily recoup through increment in sales.

As findings suggest, gifts given to lower income customers may not induce the desired positive effects in terms of increment in sales due to the generally low purchasing power of the population. That signifies that distribution of gifts is generally not the appropriate business option as compared to scenarios where the population generally possesses significant purchasing power.

### *Determine the Products to be distributed as Gifts*

Segmentation of the customers is also critical for determining the types of gifts that can be distributed and to whom for the reason that differences in class can render certain gifts unethical if given to categories of people such as political office holders or the customers from whom the enterprise intends to solicit a contract for supplies. Segmentation of customers does not only enable an enterprise elude such unethical drawbacks, but also determine how to instigate customer interest and rate of recall. In instances where an enterprise keeps all its customers' records, giving a gift of the husband through the wife and vice versa would certainly contribute towards winning the entire family as customers for the business.

At the same time, segmentation of children and only investing in gifts that can be given to children who are visiting the stores or attending a school or a church function can instead instigate the interests of parents to visit the store. It has emerged in modern times that children cause overriding effects in purchase decisions taken by certain parents to the effect that a gift given to children may tend to become an indirect way of getting children to lure their parents into visiting the store that gave out the gifts. Whether or not the effects of such approach may be enormous does not matter for the reason that when combined with other initiatives, the effects can be enormous.

With all these steps of competitor analysis and customer analysis and segmentation completed, it is noted in Figure 3 that it becomes easier for the business to determine the gifts that can be given out. However, the decisions on the products to be used as gifts must depend on the estimated costs and expected returns on capital invested on corporate gifts, and the likely implications of improving competitiveness. Gifts which are more expensive and difficult to give must be abandoned in favour of the ones that although could not be expensive, but are symbolic enough to arouse customer interests and influence purchase decisions. The determination of the gifts to be given must also be accompanied by the assessment of the extent to which the quality of a firm's product offerings and prices are relatively competitive.

### *Ensure that the Products and their Prices are Competitive*

It is apparent from theories and the findings that the use of corporate gifts as a promotional strategy tend to fail because businesses tend to use them as a strategy for promoting products or services that may not necessarily be of good quality. It also applies in instances where prices are not competitive. The effect of such a situation is that the use of corporate gifts as a random promotional strategy may not influence the achievement of sustainable customer attraction and retention. Such a view is attributable to the fact that since customers are concerned about quality and pricing as well as gifts, they may tend to be only attracted if gifts are offered and disappear if the gifts are removed.

Reversing such a situation implies that the enterprise's executives must craft a strategy through which the best quality and pricing are integrated with the design and distribution of appropriate gifts. In such endeavour, considerations will also need to be undertaken by assessing how the overall enterprise's competitiveness in terms of costs (pricing), differentiation (quality) and focus (tailored to customers' needs) is supportive of the use of corporate gifts as a business strategy. Such an assessment is important for determining the extent to which the use of corporate gifts will diffuse risks associated with hoping customers receiving gifts and leaving without buying in search of better quality and lower price goods.

Ensuring that the enterprise is competing effectively on the basis of cost, differentiation and focus is also critical for edifying the sustainability of the effects of corporate gifts on the increment of sales, revenue and improvement of a firm's competitiveness. Although corporate gifts contribute towards customer attraction, it is things such as the pricing and quality of products or services that determine the extent to which customers are to stick with a business irrespective of whether or not gifts are being dished out. With the notion of quality and competitive pricing integrated, the enterprise can then begin the process of distributing gifts.

### *Distribute the Gifts and Measure the Effects on a Firm's Sustainable Market Performance*

As indicated in Figure 3, it is important that an enterprise must first train personnel, choose appropriate locations and the segment or categories of customers to target. Such approach is important for the reason that the whole process is not just about the distribution of corporate gifts, but also related to the skillful process that must be accomplished efficiently to enhance the initiation of new relationships and the consolidation of the older customer relationships.

As gifts are being distributed or after its distribution, it is important that enterprises measure the sustainability of the overall effects of the use of corporate gifts as a business strategy by assessing how it is impacting and will continue to impact on customer retention, customer loyalty, spiraling sales, revenue increment, spiraling profitability, competitiveness and growth. If the promotional gifts are found to be causing the desired effects, enterprises can undertake further improvements instead of remaining complacent. In the case where it is found that no much positive impacts are being attained, an enterprise must go through the cycle again by assessing what has been the competitors' reactions since the beginning of the distribution of corporate gifts and customers' perceptions of quality and pricing.

## CONCLUSION

Most enterprises strongly emphasise the use of corporate gifts as a marketing strategy. However, theories indicate that research into how corporate gifts can be appropriately entrenched as a marketing strategy has been largely shallow. The study reveals that the implications are latent in the fact that the use of corporate gifts has been approached as a mere random promotional tool to mar the achievement of enormous business values that it would have bred. By postulating the strategic framework in Figure 3, this research fills such a gap by detailing the critical steps that must be followed to ensure that the use of corporate gifts is undertaken not as a mere random promotional strategy, but a defined part of the systematic marketing strategy to edify attainment of the sustainable improvement of the performance of an enterprise.

## REFERENCES

Acur, N., Kandemir, D., & Boer, H. 2012. Strategic alignment and new product development: drivers and performance effects. Journal of Product Innovation Management, 5 (2): 22-64

Ansoff, I. H. 1957. Strategies for diversification. Harvard Business Review, 35 (2): 113-124.

Banabo, E. & Koroye, B, H. 2011. Sales promotion strategies of financial institutions in Bayelsa State. Asian Journal of Business Management, 3 (3): 203-209.

Beltramini, R. 2010. Exploring the effectiveness of business gifts, Journal of Advertising, 29 (2): 75-78.

Blanchette, P. 2012. Frege's concept of logic. New York: Oxford University Press.

Boghossian, P. 2011. Williamson and the a priori and the analytic, Philosophy and Phenomenological Research, 82, 1 (1): 488 – 497.

Bontis N, Booker L, D. & Serenko, A. 2007. The mediating effect of organisational reputation on customer loyalty and service recommendation in the banking industry, Management Decision, 45 (9):1425-1445.

Brandhouse. 2014. Marketing Code: Johannesburg: Brandhouse.

Cameroon, B, T. 2014. Using responsive evaluation in strategic management, Strategic Leadership Review, 4 (2): 22-27.

Chetwynd, C. 2005. When does a present become a bribe? The European Journal of Business Management, 2 (6): 219 – 270.

Chiliya, N. & Lombard, M, R. 2009. The impact of marketing strategies on profitability of small grocery shops in South African townships. Journal of African Business Management, 3 (3): 70-120.

Collis, A., Campbell, S. & Goold, M. 2010. Harvard Business Review on Corporate Strategy. Boston: Harvard Business Review Paperback Series.

Cronin, P., Ryan, F. & Coughlan, M. 2008. Undertaking a literature review; a step by step approach, British Journal of Nursing, 17 (1): 38-43.

David, R, F. 2009. Strategic Management: Concepts and Cases. Upper Saddle River, NJ: Prentice Hall, 2009.

Debraj, D. & Mahua, D. 2011. A text on marketing management. Delhi, India: Vrinda Publishing House.

Ebel, R. 2011. High end, low end: Which promotional products work best? A study of consumer and buyer reactions, PPA Research, 1 (2): 1-77.

Fan, Y. 2006. Promoting business with corporate gifts: Major issues and empirical evidence. Corporate communication, An International Journal, 11 (1): 43-55.

Feder, H. 2008. "Solving the gift giving puzzle", Potentials in Marketing, July, 21-25.

Freeman, L. 2006. "The art of giving business gifts", Advertising Age's Business Marketing, 81:10.

Friedman, H, H. & Rahman, A. 2011. Gifts-uponentry and appreciatory comments: Reciprocity effects in retailing, International Journal of Marketing Studies, 3 (3): 161-164.

Gines, K. 2008. “The guide to corporate gift giving”, Incentive, August, 1-28.

Glen, G. 2014. Corporate gifts in South Africa: How google is shaping the industry. Johannesburg: Brandability.

Greaves, S. 2011. How corporate gifts add value for firms, Marketing, 1 (4): 33-34.

Hill, C, W, L. & Gareth, R, J. 2012. Strategic management theory: An integrated approach. New York, Cengage Learning.

Hinestroza, N, B. & James, P, T, J. 2012. The effects of sensory marketing on the implementation of fast-food marketing campaigns, International Journal of Marketing Research, 1 (1): 1-49.

Ireland, R. D., Hoskisson, R. E. & Hitt, M. A. 2009. The management of strategy. Mason, Ohio: South Western.

Johnson, B., & Christensen, L. 2008. Educational research: Quantitative, qualitative, and mixed approaches. Thousand Oaks, CA: Sage Publications.

Johnson, G., Scholes, K. & Whittington, R. 2009. Fundamentals of strategy. Harlow: Prentice Hall.

Kaplan, R. & Norton, S. 1996. The balanced scorecard: Translating strategy into action. Boston: Harvard Business School Press.

Kiechel, W. 2010. The lords of strategy. Boston: Harvard Business Press.

Kvint, V. 2009. The global emerging market: Strategic management and economics. New York: Routledge.

MacLennan, A. 2011. Strategy Execution: Translating strategy into action in complex organisations. Routledge, Oxon.

Majumda, R. & Ghosh, K, A. 2006. Product management in India. Delhi, India: Prentice-Hall.

Marioz, R. 2015. Corporate Gifts South Africa: Show off Your Brand. Johannesburg: Metheney.

McKeown, M. 2012. The strategy book. Delhi, India: Prentice-Hall.

Meskendahl, S. 2010. The influence of business strategy on project portfolio management and its success – a conceptual framework. International Journal of Project Management. 28(2): 807 - 817.

Mohsan, F., Nawaz, M, M. & Khan, M, S. 2011. Impact of customer satisfaction on customer loyalty and intentions to switch: Evidence from the banking sector of Pakistan, International Journal of Business and Social Science, 2 (16): 263-270.

Munroe, M, S. & Khambule, A. 2010. When a gift is not a gift but a bribe. Johannesburg: Bowman Gilfillan.

Oliver, B. 2011. The pen pusher, marketing. London: Haymarket Publications.

O’Neil, K. 2011. Firms say thank you with business gifts, Public Relations Journal, 2 (4): 47-99.

Oyedapo, W, O., Akinlabi, B, H. & Sufian, J, B. 2012. The impact of sales promotion on organisational effectiveness in the Nigerian manufacturing industry, Universal Journal of Marketing and Business Research, 1(4):123-131.

Porter, M. E. (1996). How competitive forces shape strategy. Boston: Harvard Business Review.

Porter, M. E. (1986). Competitive Strategy. New York: Free Press.

Preko, A. 2012. The effects of sales promotion on TV advertising revenue: A case study of TV Africa, Ghana, Journal of Emerging Trends in Economics and Management Science, 3 (2): 141-146.

Raghubir, P. 2004. Free gift with purchase: Promoting or discounting the brand? Journal of Consumer Psychology, 14 (2): 181-185.

Rumelt, R, P. 2011. Good Strategy/Bad Strategy. New York: Crown Business.

Saravanavel, P. & Sumathi, S. 2006. Advertising and salesmanship. Chennai, India: Margham Publishing House.

Shaddy, F. 2013. The effects of promotions on consumer impatience. Unpublished Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Arts in Quantitative Methods in the Social Sciences Graduate School of Arts and Sciences, Columbia University, New York, USA.

Syeda, N, Z, R. 2012. Short Term and long term impacts of sales promotion on organisation’s profitability: A comparative study between convenience and shopping goods, International Journal of Business and Management, 7(5):247-255.

The Institute of Business Ethics. 2009. The ethics of gifts and hospitality, Business Ethics Briefing, 1 (3): 1-22.

Tim, S. 2011. The ethics of gift giving or receiving. Bribery Act 2010. Guidance on the Ethics of Gift Giving or Receiving. London: Management Support.

Tishler, A. & Milstein, I. 2009. R &D Wars and the effects of innovation on the success and survivability of Orms in Oligopoly markets, International Journal of Industrial Organisation, 27 (1): 519-531.

Zahorsky, D. 2014. The 8 essentials of corporate gift buying. London, United Kingdom; Executive Corporate Gifts.

Zhou, W. 2009. Innovation, Imitation and Competition, Journal of Economic Analysis and Policy, 9 (1): 27-43.