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RUNNING THE SHOW

And the Winner Is...You

Entrepreneurs find that contests can be a great way to boost their business

By LOUISE LEE

Everybody likes winning. So how do you use that basic human trait to boost your business?

Journal Report

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One answer, say entrepreneurs, is to hold contests or sweepstakes. Such promotions can give a financially strapped small business more bang for the buck than mass-media advertising.

In the short term, the events can generate buzz and boost sales and website traffic. And longer term, they allow businesses to harvest participants' contact information and bulk up their databases with good prospects, allowing the firms to sharpen their future marketing pitches.

Some entrepreneurs say they have run an event for just a few thousand dollars. Basic expenses usually include extra computer support, publicity for the event and the cost of the prize—whether a year's supply of your product or service, or the electronic gadget of the moment.

Here's some advice from experts and entrepreneurs about how to run one of these promotions and turn contestants into valuable customers.

Pick the Right Promotion.

Sweepstakes and contests have different setups and bring different advantages to the table. In a sweepstakes, individuals enter simply by giving you information about themselves, either online or on paper. With no other barrier to entry, you'll attract a wide pool of entrants, and determining the winner takes little effort, since you can simply have a random drawing.



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The downside? Some of the entrants probably want only the prize and aren't interested in purchasing anything from you. By contrast, a contest requires participants to demonstrate some particular attribute or perform a task that's judged in some way. With that barrier to entry, "contests attract people who might already be kind of interested in your product or service in the first place" and who are therefore more likely to make future purchases from you, says Pamela Geller, a direct-marketing

consultant in Cincinnati.

What's more, you can make a deeper connection by asking contestants to do something with your product or otherwise make personal contact with your company as part of the entry process. It's "a great way to get people really involved in your brand," says Ms. Geller.

In Scottsdale, Ariz., children's clothier Urban Kidz has twice held a contest in which kids compete to be models in the retailer's advertising, says owner Lila Metcalf. Of the 160 or so who entered each contest, the judges selected 60 youngsters to don Urban Kidz clothes and pose for a photo. The store then posted the photos on its website and opened up voting. Although anyone could vote, the bulk of ballots resulted from "parents asking their friends and families to vote," says Ms. Metcalf.

Besides engaging hordes of people, the contests yielded 1,500 new email addresses, doubling the size of Ms. Metcalf's prior database with plenty of new contacts who likely dote on a youngster and are thus good targets for future marketing emails.

Now Urban Kidz has "Grandma's email address," says Ms. Metcalf, who has three employees. "From a business standpoint, the contests were extraordinarily successful."

Remember, though, that contests can take more effort and expense than a sweepstakes. If your contest requires that you meet entrants in person, for instance, you'll need to make sure you've got an appropriate space and sufficient staff to manage the traffic flow. Contests also require evaluating entries, so you'll have to identify some staffers who can handle the job, or pay outside experts.

Harvest Information—but Not Too Much.

People eager to win a prize are unusually willing to tell you about themselves, so grab the chance to dig for information. However, "if you make the contestant jump through too many hoops, it won't work," says marketing consultant Wendy Kenney, in Mesa, Ariz.

Posing two or at most three questions is fine, but a dozen would be onerous and would appear intrusive. "Ask only those few questions that best help you understand what motivates your customers," says Mike Lauterborn, a business consultant in Fairfield, Conn. You could, for instance, ask entrants for the number of people in their household or the number of times a year they buy gifts. You might also ask entrants to name a couple of websites they frequent to help you determine other places you could promote your company, Mr. Lauterborn says.

Late last year, the Sweets in Bloom candy division of Cincinnati floral company Jones the Florist asked sweepstakes entrants the dates of three occasions on which they give gifts. Using that information, the company sends emails a couple of weeks before the occasions to encourage the recipient to purchase a candy assortment for Valentine's Day or Mom's birthday, says David Fisher, president of the 45-employee firm.

The sweepstakes attracted several thousand entries with the lure of a flat-screen television as the grand prize. It also boosted the number of people in the company database for whom the company has gift-giving details by 51%. Mr. Fisher credits the information the sweepstakes yielded with helping Sweets in Bloom increase its overall profitability. "We'd do it again," he says.

Get in Front of the Contestants and Stay There.

The law requires sweepstakes to provide at least two ways to enter, with one method usually a paper entry form. But when you promote your event, play up your website aggressively to encourage people to enter online. That way, you can draw eyeballs to your site. Traffic during your event can jump significantly; during the seven weeks of the Sweets in Bloom sweepstakes, for instance, weekly traffic to the company's website jumped by 37% over the levels during regular periods, says Mr. Fisher.

Once entrants are on your site, encourage them to linger. Guide them through a couple of areas before they arrive on the entry page; to encourage them to concentrate on what they're seeing, ask them to answer a single simple question, such as, "What color is the flower on the home page?" "It's a way to engage them," says Ms. Geller, the marketing consultant.

If possible, get face time with the entrants as well. In the Urban Kidz contest, parents had to bring their kids to the store for a brief interview with several judges. The kids the judges picked then had to return to the store for the photo shoot. Getting parents into the store turned them into instant shoppers; Ms. Metcalf estimates that the parents ended up buying several thousand dollars' worth of merchandise.

Make the Rules Clear.

Under federal law, you must have a written list of official rules for your event. Some states have their own laws, too, but in general, you need to spell out precisely the instructions for entering, the exact dates for entering and for announcing the winners, and the means by which you'll contact them. Remind entrants that taxes apply on certain prizes and that your event is "void where prohibited."

If you don't clearly lay out the details and follow federal and state rules, you risk a fine, injunction or, worst, a criminal citation. And you might anger customers besides.

Beyond complying with the law, there's another consideration to keep in mind: Require winners to allow you to use their names and photos in future advertising, promotions or publicity material. "You want to be able to say, 'Here's our winner, Fred Jones,'" says Mr. Lauterborn, the business consultant. "That'll show people that there was a winner, and they'll be conditioned to enter the next time."

Ms. Lee is a writer in Belmont, Calif. She can be reached at reports@wsj.com.