

New York Times: December 7, 2006
Small Business

The Tricky Etiquette of Business Gifts

By KAREN J. BANNAN

Last holiday season, Scott Shickler, owner of Nirvana Café and Grille in Roswell, Ga., sent out 20 gift baskets to his best catering clients and suppliers. The baskets, filled with coffee, mugs and a variety of gourmet food items, were well received. Customers called and thanked him, and most important, continued to patronize his company. But there was a problem, he said. The restaurant has hundreds of customers and suppliers, and he couldn't afford to give gifts to every one.

This year Mr. Shickler changed his giving strategy, ordering 1,000 gift boxes, which he is filling with his company's own Outrageous Chocolate Chip Cookies. The boxes are to be hand-delivered to every one of his suppliers, vendors and catering customers, he said.

"I've spent a lot of money on gifts in the past," Mr. Shickler said. "On dollar amount alone, this is going to be the least expensive gift we've done, but it's going to create the greatest impact." He spent about \$1,500 this year and last. "To stand out you have to show a great deal of thought and somehow tie it to your business. If you can, you're going to magnify return on investment and good will. Especially if you can't give to everyone, it's really hard to decide how to do the right thing."

As the year comes to a close, business owners across the country are faced with a similar choice: to give or not give, and if so, to whom? When it's all said and done, owners want to know what their return on gift investment will be. After all, it takes time and money to thank customers.

Still, says Leah Ingram, an etiquette specialist who is the author of "Gifts Anytime: How to Find the Perfect Present for Any Occasion," (ASJA Press, 2005) it is better to err on the generous side as holiday gifts are not just a nice gesture. They are also a smart marketing tool.

"There are two very real reasons to buy business gifts that are not necessarily warm and fuzzy," Ms. Ingram said. "One is obviously to thank someone for their business for the year. The other is to make sure you remain top of mind, and to get your name in front."

Because it is not always easy to buy something for everyone you do business with, you can get better results if you settle on your budget and recipient list simultaneously, and work from there, Ms. Ingram said. Recipients can include clients, vendors, lenders, tenants and media contacts.

Liz Morrill, the founder and chief executive of the New York-based beverage company Fizzy Lizzy, said she made her holiday list by taking into account several variables including revenue generated and buzz potential.

"Our list isn't 100 percent scientific. It's usually a combination of our best customers combined with the people we want to thank who aren't our customers — advisory board members, wholesalers and distributors," said Ms. Morrill, who this year picked a beverage-themed cocktail table book to send out.

For some companies, deciding on the dollar amount is the easy part. Picking gifts is much harder. Executives at Ervin & Smith Advertising in Omaha call on the firm's 34 employees to help them decide what to buy. Each year the company runs a gift-giving contest. Employees, armed with a budget, must come up with their most unique ideas. The winning idea will be sent to each of the company's more than 175 clients.

"We see our choice of gift as a way to show off our talents and skills as an agency as well as saying thank you to our clients," explained Kristin Petrick, the company's director for public relations. Last year, the company bought gasoline gift certificates. This year, they came up with a "gift to regift" idea, in which recipients were given one silly gift (like a tie) and one good one (like a gift card). The company spends \$15 to \$100 on gifts, she said.

Ervin & Smith may be on to something, said Eugene H. Fram, the J. Warren McClure research professor of marketing at Rochester Institute of Technology in New York. Customers are more likely to remember unique gifts, especially those that show them you are familiar with what they do or care about, Mr. Fram said.

"You want your gift to show your customer that you know them and their needs very well," he said. "You ought to know what your best clients had for breakfast, and your gift should communicate that." This is why you should be careful about sending group gifts, which often end up sitting in a company's conference room sans card or sender information. They may not be personal enough and chances are, they will come across anonymous. Gift cards fall into that category, too, since they lack personalization. Many companies don't allow employees to accept them, either, so there is a good chance they will wind up coming back to you.

Marty Kotis, president and chief executive of Kotis Properties of Greensboro, N.C., used to send gift cards, but said people often sent them back. Mr. Kotis, who spends an average of \$80 to \$120 a person, currently gives customers bottles of expensive wine and Champagne that sport his company's name and his signature.

"We write 'Happy Holidays' in gold or silver ink on the label," he said. "We want people to experience our gifts when they are having a

good time on their own. It helps create a good mental image of us.”

Charitable donations can be just as thorny. Your customer may not support the same cause that you do. If you decide on this option, let your customer choose his or her own charity, he said.

“Get in touch with them and tell them you’re not making a sales call, you’re calling to find out what their favorite local charity is,” Mr. Fram explained. “Go for the local angle so you show that you care about your community.”

And keep in mind that when you send is as important as what you send, Ms. Ingram said. Those who send on the wrong day might just as well send nothing, she said. Ms. Ingram suggests sending gifts right after Thanksgiving, or waiting to send them after the holidays. “In a lot of industries between Christmas and New Year’s no one is around,” she said. “You don’t want to send a box of chocolates to someone and have it sit around for two weeks.”