

The New Face of FREE in Business

by Karen Post March 2, 2009

Just a few years ago, the question of utilizing a free giveaway might have gotten a snarky response from quality-seeking buyers. Must be second rate or defective, a desperate attempt at luring customers, or just pure no-value offer; “you get what you pay for.” Today, the land of FREE is landscaped quite differently; respectable, credible brands do it, hot emerging start-ups launch with them, and international mega companies like Google have built their empire by building and offering free products and services.

Chris Anderson, author of Long Tail, believes Free is the future of business; a powerful new economy of opportunity and the subject of his new book called Free, due out in July 2009. “The idea that you can make money by giving something away is no longer radical. Over the past decade, a different sort of Free has emerged.”

So is FREE back in Fashion?

Trendspotters think so. Trendwatching.com, a global force of over 8,000 trend spotters, defines it as Free Love—free, valuable, and available stuff for consumers and businesses—on- and offline. In their view, this Free giving movement will become an integral if not essential part of doing business.

I must admit, for years I've been a buying snob; an almost an anti-frugal, no-coupon ever, free stuff skeptic customer. In my view, any organizations—be they consumer or B2B that employ these free or discount tactics—do so because they are likely losers. Philosophically for me, if a service or product is truly good, it should command full price to cover the costs, overhead, and earn a profit. I've always sold my professional services at full fare, and hated when buyers wanted something for free or at a discount. After all, I am not the Walmart of speaking and consulting services and do not want to be.

Free is definitely back. Even the naysayers like me now have an appetite and new respect for this FREE economy frenzy. Free, done well, now earns my attention and often provides a trial before commitment, and in a world packed with so much stress, receipt of even a small meaningful gift from a company gets big points from me.

What's driving this shift in buyers' perceptions?

- Give the dreadful economy credit (a sure contender for the top oxymoron of the year)
- The ever decreasing costs of producing physical and intellectual goods
- The popularity of free music, content, and anything you can digitize or download
- The swelling of an open source society
- The fierce wars to win buyers
- and most importantly, the critical experience factor in building sustainable brands, loyalty, and making money.

How does a brand leverage this new face of Free without compromising its quality attributes and even, for some, its upscale positioning? Carefully.

1) Revisit your business model.

A wise woman once said business models were born to die. Even if for decades you generated your income from X, it may be time to bury that idea and generate your income from Z. Consider newspaper industries: some will survive, some won't.

2) Honor your brand.

A brand capsules an organization, its values, its leadership, what it stands for, and its distinction. Free economy initiatives need to be "on brand" and support what you've built to enhance your brand equity, not dilute it.

3) Be transparent and honest.

Nothing will evaporate the positive power of Free faster than peeving off customers by pitching some sneaky, slimy, dishonest product or service offer. Snake oil is not on any customers' shopping list. Full disclosure is most admirable. Six-point type disclaimers are as bad as admitting Charles Ponzi was your great uncle.

4) Value what your customers believe is valuable.

Not all Free is created to be equal. We've all seen cheesy free offers. The yellow flags are everywhere. They're stupid and provide nothing of substance. OK, some will argue, valuation of value is left to the eyes of the receiver. My point here is this: offer something that is really valuable to your customers. Come harvest time, your fruit will be much bigger.

What road should your brand take? Here are some top Freeways going places.

Free trials

Reduce buyers' risk and let them get to know you with a "Try before you buy." Establish an easy FREE trial for prospects to experience an offering, and learn more about a brand's value. This model can work for business and consumer goods. Consider a time-sensitive subscription, a sample, or a quantity offering of something (first five books Free).

Free all the time

Provide Free access to something of value all the time. Uphold the same product standards as you would with your paid goods. Focus on the experience and how the value is delivered. Be as thoughtful to your Free offer recipients as you would with a customer who pays you. Should you introduce paid-for add-ons, make the value crystal clear. As a result, less selling will be required and you will add to your Free karma bank account daily.

Freemiums

It's been said that top venture capitalist Fred Wilson first coined this word. He defines Freemium as Web software and services, or content. It is the basis of the subscription model of media and is one of the most common Web business models. Consider the LinkedIn network: it's Free, full of value, but you also have the option of an added bells and whistles upgrade for \$19 and change per month.

Free related experiences and environments

Telcom companies equip airport terminals with free WI-FI, provide quiet zones and cushy chairs, and you breathe some of their brand between flights. Pleasant (no coins required) port-a-potties pop up at high-traffic events thanks to a bathroom tissue brand, and an upscale retail furniture store provides a well appointed Free meeting room with refreshments for community groups to meet.

Flat out Free gifts

Nice gifts from friends is just plain good. This very primal approach can take even a small business the distance. You don't have to give away 10-karat diamonds for years. Again, give something of value and do the math on what you can afford duration-wise. Remember, often a limited time FREE offer can be pretty seductive.

Free is my new, favorite four-letter word beginning with F. In fact, I'm on mission to find the best Free stuff out there specifically for business. If you've got something of high value that's Free, let me know. Or if you've experienced something awesome that cost you ZERO, please share.

Should you decide to join the new Free world, do it right—or it can get very expensive.

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