

The Effectiveness of “Buy One, Give One” in Promoting Product Trial

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BACKGROUND

Other than doing the right thing, there are a number of other reasons why many businesses donate to charitable organizations and establish nonprofit foundations, such as tax benefits, publicity, and attracting consumers.

Some companies have taken giving back literally by creating a business model that combines commercial and social value. For every pair of shoes purchased, TOMS gives a pair to someone in need. Bombas does the same with their socks. Warby Parker uses this Buy One, Give One charitable formula for its eyewear.

To study the effectiveness of this charitable business model, the Zion & Zion market research team conducted a nationwide study to determine to what extent consumers may be influenced to try a product based on the Buy One, Give One marketing promise.

EXECUTIVE SUMMARY

The Zion & Zion market research team sought to understand the efficacy of the Buy One, Give One business model popularized by TOMS, which gives a pair of shoes to someone in need for every pair purchased. To study whether this marketing and social strategy is measurably effective at getting consumers to consider trial of a new product, we conducted a random survey of 4,887 U.S. adults.

Consumers were asked how likely they would be to try a new product under various scenarios: 1) a new product without a Buy One, Give One aspect; 2) a new product that, when purchased, results in the company giving one to a person in need; and 3) a product that, when purchased, results in the company giving one to a person in need who lives in another country.

Because there are reports that this business model may have negative consequences for struggling populations that receive such donations (i.e. creating “aid dependency”), our research team also sought to understand if consumers, armed with knowledge of the aid dependency argument, would have their willingness to trial a Buy One, Give One product reduced.

Our study covered the following products so that a variety of product categories were represented: toothbrush, bottled water, shoes, coat, prescription glasses, and cell/mobile phone. All respondents were surveyed about only a single product and only one of the marketing scenarios, to prevent response bias. For each product/scenario, consumers were asked to rate their willingness to try the product from 1 to 7, with 1 meaning “very unlikely” and 7 meaning “very likely.” For our purpose of studying likelihood to try, the Zion & Zion market research team classified those respondents that indicated a 5, 6, or 7 on the likelihood scale as being likely to try a new product.

The data strongly demonstrates that the marketing promise of Buy One, Give One can be effective. When we asked consumers about trying a new product, 37% of respondents said they would be likely to try the product. This rose to 60% when the message adds that the company will donate one to people in need for every one bought, and this 60% dips to 57% if the people in need are in another country, and drops further to 52% if the respondents have prior knowledge that such donations can result in foreign country aid dependency.

Millennials (44%) were most likely to try a product, followed by Generation X (37%), Generation Z (35%), and Baby Boomers (31%). All generations have the highest spikes of likelihood of trying a new product if the company donates another to a person in need, with Generation X (67%) leading the way, and Generation Z (55%) most reticent. Baby Boomers (43%) have the lowest likelihood of product trial after understanding that Buy One, Give One marketing programs may ultimately be detrimental to struggling populations in foreign countries.

Bottled water is the product ranking the highest (70%) in terms of respondents’ willingness to try a product having learned that the company will donate another to people in need. It also has the steepest decline (18%) between the likelihood of trial when the company donates another to a person in need and when understanding that such donations may cause aid dependency (dropping from 70% to 52%). Cell/Mobile Phone is the product with the least trial intent uptick with 35% of consumers saying they would try a new type of mobile/cell phone, but this likelihood barely rises when the company donates one to a person in need (39%).

BUY ONE, GIVE ONE SCENARIOS

In addition to studying how consumers view the Buy One, Give One concept, the Zion & Zion marketing team also wanted to discover to what extent consumer behavior would be affected if the product were donated to someone in need who resided in another country rather than a generic “person in need,” which could be taken to refer to a person in the U.S. given that our respondent panel was U.S.-based.

We also wanted to understand how a consumer’s inclination to try a new product would be affected if they understood that these Buy One, Give One programs may have negative consequences for struggling populations. Russell Reed, in a Harvard Political Review article (“One-for-None: Aid Dependency and the TOMS Model,” March 2017), explains that such marketing programs may be unsustainable or promote aid dependency: “Aid dependency is the phenomenon wherein populations receiving external assistance become reliant on this support, and in the most severe instances it can stunt a community’s ability to survive sustainably and without constant donation.”

The Zion & Zion market research team successfully completed 4,887 random surveys of adult consumers in the U.S. Each consumer was only asked about one of six products. The six products studied were a toothbrush, bottled water, cell/mobile phone, coat, prescription glasses, and shoes. For each product, separate groups of consumers were asked how likely they would be to try the product under four scenarios—e.g. each of the 4,887 respondents was only asked to respond regarding one of the six products and under only one of the following four scenarios:

1. Likelihood of trying the new product without any mention of a charitable aspect
2. Likelihood of trying the new product if the company donates another to people in need
3. Likelihood of trying the new product if the company donates another to people in need who live in other countries
4. Likelihood of trying the new product if the company donates another to people in need who live in other countries, after being prompted with information that such charitable programs may cause negative consequences such as aid dependency

Respondents were asked how likely they would be to try to the product on a 1-to-7 scale, with 1 meaning “very unlikely” and 7 meaning “very likely.” For our purpose of studying likelihood to try, the Zion & Zion market research team classified those respondents that indicated a 5, 6, or 7 on the likelihood scale as being likely to try a new product.

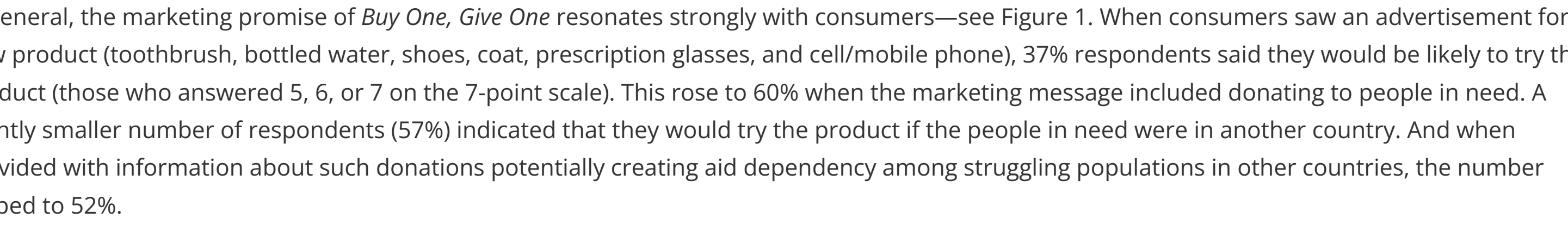
For example, researching behavior about coats, four different groups of respondents were each asked just one of the following four questions:

1. You’ve seen an advertisement for a new coat. How likely would you be to try the new coat?
2. You’ve seen an advertisement for a new coat, and the company will donate one coat to people in need for every coat you buy. How likely would you be to try the coat?
3. You’ve seen an advertisement for a new coat, and the company will donate one coat to people in other countries who are in need for every coat you buy. How likely would you be to try the coat?
4. You’ve recently read an article that states: “Hand-out charities and philanthropic organizations may be giving products to struggling populations without truly assessing the lasting effect it will have on the community. In turn, two potentially negative outcomes arise: the impact is either unsustainable, lasting only as long as the product does; or worse, the model promotes aid dependency. Aid dependency is the phenomenon wherein populations receiving external assistance become reliant on this support, and in the most severe instances it can stunt a community’s ability to survive sustainably and without constant donation.” Now imagine that you’ve seen an advertisement for a new coat, and the company will donate one coat to people in other countries who are in need for every coat you buy. How likely would you be to try the new coat?

RESULTS

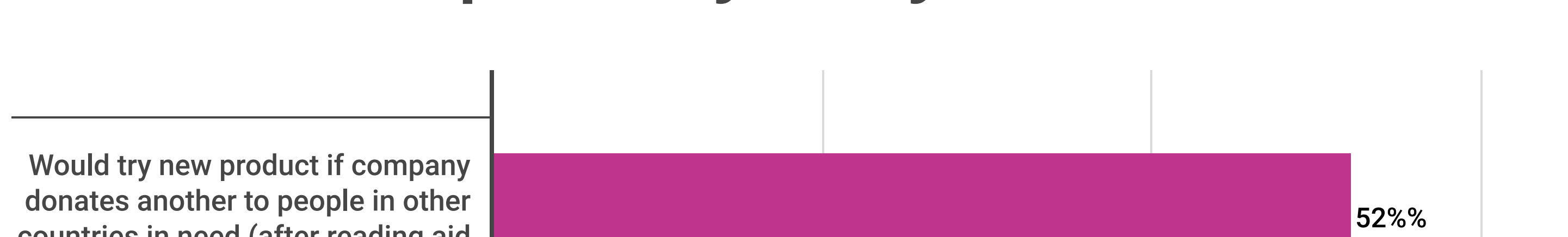
In general, the marketing promise of Buy One, Give One resonates strongly with consumers—see Figure 1. When consumers saw an advertisement for a new product (toothbrush, bottled water, shoes, coat, prescription glasses, and cell/mobile phone), 37% respondents said they would be likely to try the product (those who answered 5, 6, or 7 on the 7-point scale). This rose to 60% when the marketing message included donating to people in need. A slightly smaller number of respondents (57%) indicated that they would try the product if the people in need were in another country. And when provided with information about such donations potentially creating aid dependency among struggling populations in other countries, the number dipped to 52%.

Figure 1



A similar pattern was found when viewing the data by gender, although men are less likely to try the product marketed with the Buy One, Give One strategy—see Figure 2. While men and women are similarly to try a new product they see advertised (35% for men and 38% for women), this gender gap widens to ranging from 7% to 10% under the three Buy One, Give One marketing scenarios.

Figure 2



Segmenting our data by generation reveals a number of interesting differences. Millennials (ages 23-38, 44%) are most likely try a product after seeing it advertised, followed by Generation X (ages 39-54, 37%), Generation Z (ages 7-22, 35%), and Baby Boomers (ages 55-73, 31%)—see Figure 3. All generations have the highest likelihood of trying a new product if the company donates another to a person in need, with Generation X (67%) leading the way. At just 43%, Baby Boomers have the lowest likelihood of product trial after understanding that Buy One, Give One marketing programs may ultimately be detrimental to struggling populations in foreign countries.

Figure 3



The data also reveals that the type of product has an impact on how likely a consumer is to try the advertised product and their willingness to do so when presented with Buy One, Give One scenarios. See Figure 4.

- All the products have a 30% or more likelihood of trial after a consumer sees it advertised, ranging from a low of 30% (toothbrush) to a high of 43% (bottled water).
- Bottled water is the product ranking the highest (70%) of those willing to try a product after learning that the company will donate another to people in need.
- Bottled water also has the steepest decline (18%) in the likelihood of trial when the company donates another to a person in need (70%) and when understanding that such donation may cause such likelihood of aid dependency (52%).
- Cell/Mobile Phone is the product with the least trial intent uptick when respondents were presented with the three Buy One, Give One While a healthy 35% of consumers say they would try a newly advertised mobile/cell phone, this barely rises when the company donates one to a person in need (39%), a person in need in another country (37%), and when they understand that such a donation may cause aid dependency (40%).

Figure 4



The data also reveals that the type of product has an impact on how likely a consumer is to try the advertised product and their willingness to do so when presented with Buy One, Give One scenarios. See Figure 4.

Because this research was restricted to querying respondents about their likelihood of trying a product, the study does not provide direction about subsequent purchases. While initial trial may be spurred because of the Buy One, Give One marketing approach, continued purchase will be more closely linked the features of the product (i.e. price, quality, etc.); and, like any business, continued operation will be tied to financial sustainability; producing and donating a product for each one purchased could lead to higher prices and compromise a product’s competitive position in the marketplace. For example, Smile Squared, a company that used the Buy One, Give One model with toothbrushes, is no longer operating. The same is true for Kutoa, which sold health bars. Eeven TOMS, the godfather of the unique business model, isn’t immune. Bain Capital bought a 50% stake in the company in 2014, and since then Moody’s has downgraded the company’s debt, and earnings have dropped dramatically due to a “combination of online and offline competition that offers more selection and lower prices” (Brumley, James, “17 Retailers at Risk of Defaulting or Going Bankrupt,” Kiplinger, March 19, 2019).

Perhaps the most interesting finding of our study, however, is the fact that in some scenarios, only a small fraction of consumers hearing the aid dependency argument are swayed by it. This aspect does play heavily in some scenarios though, and we therefore encourage product marketers to explore this Give One both from a corporate social responsibility perspective as well as from a brand positioning and P&L perspective before committing to Buy One, Give One marketing programs.

PUTTING THE DATA TO WORK

The Buy One, Give One model appears in our study to be an effective approach to encourage initial trial of a new product. The exception to this is the cell/mobile phone, which does not enjoy much lift under any of the three Buy One, Give One scenarios. There are a number of possible explanations for the mobile/cell phone anomaly, such as its relative high price, lack of infrequent purchase, and, perhaps, perceptions that mobile/cell phones aren’t seen as a necessity to people in need or linked to important personal need.

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