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## Making Big Promotions Available, Affordable

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*From The Wall Street Journal Online*

This week, a new low-cost Internet service launches that lets small businesses run sweepstakes for items such as plasma TVs, trips and diamond rings on their Web sites as a way to attract visitors and cull valuable marketing information from them.

The service, nicknamed Caffeine, helps users design and run these promotions without having to pay for the prizes or do the legal legwork needed to operate the contests.

Big companies often use sweepstakes and giveaways to woo consumers, and research shows such programs make Web sites "sticky" so visitors are more likely to make repeat visits and spend more time looking around. They're also a good tool for enticing consumers to proffer personal information such as age, location and gender. However, most small businesses don't have the finances or resources to offer such promotions.

Caffeine was developed by a Detroit-based company, ePrize LLC, which runs interactive promotions for behemoths such as Disney, Coca-Cola and Procter & Gamble. With the launch of Caffeine, ePrize is seeking to capitalize on a growing online movement toward pay-per-action advertising.

Unlike the traditional pay-per-click model, small firms using Caffeine don't pay a dime until a visitor clicks on the promotion and registers by providing identifying details, including an email address, that the business can then use in marketing and research efforts.

"We're trying to democratize the promotions business," says ePrize Chief Executive Josh Linkner.

Here's how Caffeine will work: Business owners go to the Internet site [www.caffeinenow.com](http://www.caffeinenow.com) and choose the prize they want to offer from

different categories. Some samples: a two-year BMW Mini Cooper lease, a kitchen makeover, and a \$10,000 Amazon shopping spree. Promotions are designed from various templates that include animated scratch-and-win cards and virtual slot machines. It takes about 10 minutes to get a customized banner, which businesses then place on their own homepage or other advertising outlets including search engines.

Businesses pay Caffeine \$1 for every qualified customer lead and 15 cents per repeat visitor, though they can implement restrictions. A Seattle coffee shop, for instance, can decide to only pay for names of contest entrants within, say, a 20-mile radius. And owners can also set a limit on how much they want to spend with Caffeine. However, Caffeine will continue to store all entrant information in case a business ever wants to purchase more sales leads or broaden its reach. There's also a coupon-builder option; businesses pay five cents each time a coupon is downloaded.

One early beta tester of Caffeine is Fathead LLC, a Livonia, Mich., maker of life-size peel-and-stick sports images. The company chose a promotion that gives away a trip for four to an unspecified sporting event and is collecting about 100 entrants a day.


"We spend a lot of money trying to get people to our Web site through advertising and we want to collect data on people who visit the site and aren't buying then -- but might be interested in doing it later," says Aaron Chestnut, Fathead's vice president of marketing.

There are drawbacks to Caffeine. It is not a pure pay-per-sale advertising model, and people entering the promotions may not have any intention of ever buying a company's wares. Plus, entrants of Caffeine promotions can "opt out" of having their information used for marketing purposes -- standard practice in sweepstakes, Mr. Linkner says -- but a business still must pay for the sales lead. Mr. Linkner says that while such leads are "not as valuable," he believes they are still worth something because they represent traffic and provide a business with information about who is visiting its site.

Also, prizes are doled out via "pools," which means multiple businesses may run promotions for the same gift item. So, just because a business advertises a satellite radio giveaway, doesn't mean one of its customers will necessarily win that item. There is no limit on, or disclosure of, the number of applicants.

A challenge for Caffeine will be integrating its service with existing advertising opportunities. To that end, the company is in talks with Yahoo Inc. about a possible alliance where Yahoo will include Caffeine as an option for businesses buying keywords for Yahoo's search-engine advertising.

Mr. Linkner of ePrize hopes this may one day distinguish ads using Caffeine on the sponsored results of search pages. "If I'm searching for 'drycleaner' and see one with 'chance to win,' I'd probably rather go to that Web site," Mr. Linkner says. Yahoo declined to comment on the talks.




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To promote Caffeine, ePrize already has signed up a handful of partners including localbiznow.com, a search-marketing firm for local businesses, and a couple of search-engine optimization and advertising firms in ePrize's own backyard of Michigan.

Eric V. Melin, president of SpiderSplat Consulting Inc. in Boston, hasn't tried Caffeine, but he says he thinks the concept is "a natural," particularly if it's integrated into the services from the likes of Yahoo and Google.

"Promotions are a great way for small businesses to make their site separate out from the crowd," says Mr. Melin, whose search-engine-optimization firm serves large and small clients. "Another thing that tends to happen with a promotion is that people will email the link to all their friends. It's a viral effect."

That's what Jeff Broaddus, owner of Quality Cleaners in Royal Oak, Mich., hopes. He's been testing Caffeine as a way to differentiate his service by promoting a \$20 Gap gift card giveaway and a \$1,000 Nordstrom's shopping spree on his site, [myqualitycleaners.com](http://myqualitycleaners.com). Mr. Broaddus thinks the contests could induce loyal customers to send him referrals. "That's the lifeblood of small businesses," he says.

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