

BOGO WARS

By Scott Nelowet

War is a bloody awful thing! After every battle, there lay the spent resources and ruined carcasses of the combatants, all in the name of victory. In this case, of course I am talking about the empty wallets and final company standings after BOGO Wars!

Just a few years back, if you had asked anyone outside of the food business what the heck a BOGO was, they may have guessed it was some sort of kid's game. Today, we collectively know that BOGO, Buy One Get One Free, is the call to arms of every retailer on the planet. The word is being bandied around by all different types of businesses, from online shoe stores to old guards like McDonalds to hot new companies like French Fry Heaven. So what is the deal? Why has the Buy One Get One Free war cry been adopted by so many? What does it tell us about the companies and products themselves? How do companies apply the BOGO? How has this escalated from a good idea to an all-out BOGO war?

BOGO has been around forever and though the origin cannot be fully traced, it is believed to have come out of the grocery business. Towards the end of a cycle they might be looking at a pile of corn, one or two days from rotting in the husk. How to get people to not only want to buy corn, but buy it now and in bulk? BOGO! Everybody wins! The consumer gets extra of whatever at a steep discount and the store clears their shelves at the same time, a win all around. Over time, marketing geniuses realized that consumers almost always responded to BOGO deals at the supermarket, so it became a staple. Before long it was no longer just being used to get rid of product, but to introduce it as well. The forms and versions of BOGO has become endless.

BOGO! We can all understand the 15% off coupon delivered every second of the day by Bed, Bath and Beyond. We all know people that won't go near the place without it. 15% makes perfect sense, but something seems too good to be true about free, so how do they do it? There are a few ways BOGO is used. Of course there are several more reasons, but the main are Clearance BOGO (above), Bait and Stitch, Price Jacked BOGO, Junk BOGO, Remember Me BOGO, Body Bag BOGO and the Promo BOGO.

The Bait and Stitch BOGO draws you in with the hopes that you will buy more than just the BOGO. So for instance, you go online to buy shoes and see that a company is having a BOGO deal. You were planning on buying one pair, but with these deals you can't pass up so you end up walking away with four pairs. The company draws you into one of their products and then stitches you to the rest of the company so you buy more. The company has margins built in to where these accelerated sales increase revenue. This has replaced the old ½ off deal because frankly the math just makes more sense.

Washington Post consumer columnist Margaret Webb Pressler writes: "BOGOs can be much more profitable for stores than a half-price sale. To see why, assume that you value your first pizza of the night at \$15.01 and the second at \$5.01 and let's say it costs the store \$2 to make each pizza. If the pizza store has a buy-one-get-one-free offer at \$20 then you will buy two pizzas and the store will have profits of \$16 (\$20-\$2-\$2). But if the store sells pizzas for half price, \$10 each, you will buy just one pizza and the store will have profits of just \$8 (\$10-\$2). The BOGO doubles the store's profits!"

This leads us to the next BOGO, the Price Jacked BOGO. This is where a store puts out flashy signs and spends millions on an ad campaign advertising the BOGO, while simultaneously, and surreptitiously, raising the initial price of the product permanently. So while you are indeed getting a BOGO, you are actually paying more without noticing. One of the best examples of this are the deals at a going out of business sale, where they count down discounts on the way down to BOGO's, all the while raising the initial prices so the profit remains throughout.

Then there is the Remember Me BOGO. You drive up to the old standard fast food joint and they are offering a BOGO of an old product that has been around forever. They don't really have anything new in the product pipeline to roll out that is exciting, so instead they are trying to eek some life out of an old product. The BOGO reintroduces the product into your psyche and maybe they can squeeze some sales out of that tired old stone. Their goal is to get you thinking about them again

The Body Bag BOGO is the most vicious of the BOGOs. This is when big rich company "A" decides to bury upstart company "B" either through blatantly ripping off their product and offering it at a price that can't be competed with or in the case of a BOGO, at a loss, so company "B's" sales are buried. The only defense against this is what we heard from French Fry Heaven above, Company "B" just has to rely on serving a far superior product and hope customers find value in imaginative flavor over low priced junk spiced up.

The Junk BOGO is a buy one ball of crap and get an extra pile free. This is for product that is so low grade that it already costs a fraction of the price they have been charging you. This way they are even making money even giving away one for free.

BOGO Introduction is an example of using it to introduce a product, look at [French Fry Heaven](#), an extremely popular French fry only [franchise](#) serving gourmet fries. They are growing across the country and need consumers to sample their product to get them hooked. As Jared Patterson, Director of Spudology for French Fry Heaven (www.frenchfryheaven.com) said, "Once they sample our fries, we know they will be blown away. Our zero Trans-fat fries and oil, mostly gluten free and 95% vegetarian menu is attractive to a lot of people, but the key at the end of the day is our amazing flavors. We have to get them to try our Garlic-Parmesan, Loaded Baked Tater or Festival fries that taste like funnel cake, but how? [BOGO DAZE!](#)"

This illustrates one of the key reasons companies are doing BOGO's. They believe in their product and believe that if they can get people to try them, they will become raving fans. There is risk involved in this method as they are giving all of the advantage to the consumer. Unlike Junk BOGOs, companies like French Fry Heaven are actually passing all of the savings on to the consumer in hopes that it will bring in new customers and build brand loyalty.

So why has today turned into an all-out BOGO war? It's because the BOGO is so versatile and there are so many different ways for it to be applied. Maybe the grocery store is hoping you come in for the BOGO and buy other groceries as well. Maybe the fast food joint is using the BOGO to distract you from their long term price increases. It could be that the jeweler has so much profit built into his products that he can give some away and still make a bundle. Maybe it's a young company like French Fry Heaven trying to win fans to their fry kiosks and stores. It could be that it's the goliath company trying to sink its competitors. At the end of the day it really doesn't matter which reason retailers are using it, the

consumer wins as long as they pay attention to why their favorite or soon to be favorite company is rolling out their BOGO. BOGO WARS are about getting you in the door. The victor is the company that gives you a reason to stay.