

Pros and Cons of Sampling: An Effective Consumer Sales Promotion Tool

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Abstract

Sales promotions directed at the end-user are called consumer sales promotions. They are undertaken either by the manufacturers or retailers. The objectives of consumer sales promotions can be to encourage consumers to try a product, to load the consumers and increase consumption of an established brand, to retain the consumers, to build brand equity, to target a specific market segment and to enhance effects of advertising and marketing efforts. Consumer sales promotion cannot make consumers loyal to a brand that is of little value or does not provide them with specific benefit. However promotions can make consumers aware of a brand and by communicating its specific features and benefits, contribute to the formation of a positive and favourable brand image. This paper has dealt with the sampling as one of the technique of sales promotion and its effectiveness.

Introduction

Actions intended to convince individuals to purchase a good or service. A typical business will only offer a consumer promotion like a reduced price, free sample or bonus offer for a short period in order to stimulate demand for and awareness of the product being promoted. There are two basic types of sales promotions: trade and consumer sales promotions. The schemes, discounts, freebies, commissions and incentives given to the trade (retailers, wholesalers, distributors, C&Fs) to stock more, push more and hence sell more of a product come under trade promotion. These are aimed at enticing the trade to stock up more and hence reduce stock-outs, increase share of shelf space and drive sales through the channels. However, trade schemes get limited by the cost incurred by the company as well as the limitations of the trade in India to stock up free goods. Incentives can be overseas trips and gifts. A typical trade scheme on soaps would be buy a case of 12 soaps, get 1 or 2 free - or a 8% discount scheme (1/12=8%). Such schemes are common in FMCG and pharma industries. But sales promotion activity aimed at the final consumer are called consumer schemes. These are used to create a pull for the product and are advertised in public media to attract attention. Maximum schemes are floated in festival times, like Diwali or Christmas. Examples are buy soap, get diamond free; buy biscuits, collect runs; buy TV and get some discount or a free item with it and so on. Consumer schemes become very prominent in the 'maturity or decline' stages of a product life cycle, where companies vie to sell their own wares against severe competition.

The impact of sales promotions:

Sales promotions typically increase the level of sales for the duration they are floated. Usually, as soon as the schemes end, the sales fall, but hopefully, settle at a higher level than they were before the sales promotion started. For the company, it can be a means to gain market share, though an expensive way. For consumers, these can offer great value for money. But sustained sales promotions can seriously damage a brand and its sales, as consumers wait specifically for the sales promotion to buy and not otherwise. Therefore, sales promotions are to be used as a tactical measure as part of an overall plan, and not as an end itself.

Benefits to sales promotions

1. Accomplishing a sense of being a wise shopping
2. Achieving need for stimulation and variety - trying a new brand
3. Obtaining entertainment value - when a consumer competes in a promotional contest
4. Being viewed as "tech-savvy" - ex. smart phone coupon
5. Socializing with others on a deal with a group coupon

Free Samples

Free product samples and trials are an effective sales promotion category. To offset the risk customers might perceive in buying an unfamiliar item, you allow them to try a product or use a product or service before buying. Grocery stores regularly offer consumers free food samples to promote

certain brands. Online service providers commonly offer one-week or two-week trials to attract new customers in hopes they will continue with the service after the trial. In this case, small units of free samples are delivered door to door, sent through direct mail, attached to another product, or given along with the purchase of some other product (e.g., soaps, soft drinks, detergents or other items). Free samples are normally provided during the introductory stage of the product.

The purpose of a free sample is to acquaint the consumer with a new product. It is similar to the concept of a test drive, in that a customer is able to try out a product before purchasing it. Many consumer product companies now offer free samples through their websites to encourage consumers to regularly use the products and to gather data for mailing lists of potentially interested customers.

Food courts, grocery stores, and companies such as Nilgiris routinely give out free samples to customers to persuade them to buy the product. Paint chips are samples of paint colors that are sometimes offered as free samples. The expansion of online marketing with regard to promotional giveaways has facilitated the rise of "Freebie sites" that seek to aggregate all promotional free sample offers in one place. These sites will often compile free product samples from all over the web and categorize them by type.

Some product sample offers may require consumers to complete a survey or refer a friend to qualify for the freebies. When all requirements are fulfilled, the product samples are shipped to the consumer.

Problems with Sampling

Samples give the consumer a chance to see how well they like a product or try something they otherwise would not normally buy. The following problems are involved in sampling are

1. Expensive
2. Postal services can mishandle mass mailings of samples
3. Door-to-door samples may suffer from wasted distribution and not reach hands of potential customers
4. In or on-pack sampling excludes consumers who do not buy the carrying brand
5. in-store sampling often fails to reach sufficient numbers of consumers to justify expense
6. Consumers may misuse them
7. Pilferage- (breaking into mailboxes, etc to steal samples) when samples are distribution through mail.

Sampling Be Used

Enticing members of a target market to try a product is often easy when the trial comes at little or no cost to the customer. The use of samples and free trials may be the oldest of all sales promotion techniques dating back to when society advanced from a culture of self-subsistence to a culture of trade.

1. When a new or improved brand is either demonstrably superior to other brands or has distinct relative advantages over brands.
2. When the product concept is so innovative that it is difficult to communicate by advertising alone.
3. When promotional budgets can afford to generate consumer trial quickly

Calculate ROI for a sampling investment

1. Determine the total cost of sampling (cost of sampled goods + cost of distribution)
2. Calculate the profit per unit (take average # of annual uses of the product * the per-unit profit)
3. Calculate the # of converters need for the program to break even (cost of sampling program/ profit per unit)
4. Determine the effectiveness of the sample - the conversion rate must exceed the break-even with gains of 10-16% (take converters * 1.1 or 1.16)

Conclusion

Sampling and free trials give customers the opportunity to experience products, often in small quantities or for a short duration, without purchasing the product. Today, these methods are used in almost all industries and are especially useful for getting customers to try a product for the first time. Some promotional methods offer free products but with the condition that a purchase be made. The free product may be in the form of additional quantities of the same purchased product or specialty packages i.e. value pack that offer more quantity for the same price as regular packaging.

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