

The Effect of In-store Sampling on the Sale of Food Products

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The effect of in-store sampling promotions was monitored for six products in a large, modern supermarket. During the promotions, sales of the products concerned rose very substantially. This was offset to some extent by a decline in sales in the weeks following the demonstration. Sales of competing products fell slightly during the promotions, typically by around 10%. The direct costs of holding a sampling demonstration, excluding costs of managerial staff time and of the product used in the demonstration, were generally found to exceed the immediate increase in net sales revenue during the event. It was not possible to estimate the value of any long-term benefit there may have been from increasing product awareness.

Keywords: sales promotion, product trial

Introduction

A recent review of the published literature (McGuinness 1988) found claims that in-store sampling in the USA frequently resulted in sales five to 10 times higher than before promotions. At the conclusion of sampling, sales figures were believed to remain above the base level for up to 12 weeks. There was, however, little reported empirical research to support these claims.

In-store sampling has recently become popular in New Zealand. Although the potential benefits of in-store sampling are well known, companies are usually reluctant to provide information which would enable the merits of this promotional technique to be assessed dispassionately.

This paper reports on a small-scale investigation into the effect of in-store sampling on the sale of food products within New Zealand. The objectives of the study were:

1. To investigate the influence of in-store sampling on product sales both during and after the promotion;
2. To analyse the effect of in-store sampling on the sales of key competitors; and
3. To compare the financial benefits of in-store product sampling with the costs incurred.

Method

Data was collected in a major supermarket during July and August, 1989. During this period sampling promotions were held for three meat products, a bread product, and two types of biscuit.

Visits were made to the supermarket each Saturday evening, at the end of the week's trading. The supermarket provided data derived from checkout scanners of sales of the sampled

products and of close competitors. In the case of one meat product, useful sales data could not be obtained from the scanner records; for this product the data used were the number of carcasses processed each week. Because surplus product is used for the manufacture of small goods it was not possible to estimate the exact level of sales each week.

Results

Effect on Sales

a. Effect on sales during the sampling period

In-store sampling had a marked effect on the sales of the products. Table 1 shows the sales during the sampling week, and the average weekly sales for the four following weeks, as percentages of mean weekly sales during the four weeks before sampling.

Table 1. Mean weekly sales

Product	Previous 4 weeks* %	Sampling week %	Following 4 weeks* %
Meat product A	100	430	110
Meat product B	100	590	123
Meat product C	100	185	100
Bread product	100	170	90
Biscuit product A	100	359	64
Biscuit product B	100	201	49

*2 weeks for the biscuit products

It can be seen from Table 1 that in every case there was a marked increase in sales during the sampling period. In the least responsive case, sales increased by 70%; in the most responsive they were nearly six times the base level.

b. Effect on sales during the following four weeks

The effect on future sales appears to vary with the type of product. Sales of sampled bread and biscuit products fell to below the base level after sampling; this may reflect the extent to which consumers stockpile these products. Sales of two of the meat products remained above the base level. The effect on the sales of meat product C is less clear. For this product weekly sales data were not available as the figures shown represent the number of carcasses processed weekly. All that can be said is that the post-sampling sales were not markedly different from those prior to sampling.

Effect on Competitors

Problems were encountered in determining exactly who the "key competitors" were for each product sampled, but some relevant trends were nonetheless identified. The research findings suggest that inflated sales may be attributable to brand switching, as identified by Gupta (1988) in his decomposition of the promotional sales "bump".

Meat products A and B were very similar to each other. During the promotion for meat product B, sales of meat product A declined to 40% of the base level.

The bread product also displayed a similar pattern, as shown in the following table.

Table 2. Competitive effect of sampling on bread sales

Product	Previous 4 weeks* %	Sampling week %	Following 4 weeks* %
Bread product	100	170	90
Competitor A	100	106	105
Competitor B	100	79	93
Competitor C	100	78	86

It can be seen from Table 2 that while sales of the sampled product rose by 70% during the sampling event, the sales of two out of the three competing brands fell substantially. After the sampling period, sales for these competing brands rose once again to levels closer to the base level.

These results suggest that in-store sampling does have at least a short term effect on the sales of competing brands.

Costs versus Benefits

In-store sampling is usually organised by a specialist company, rather than by the staff of the manufacturer or retailer. A standard sampling package usually consists of:

- the services of a trained demonstrator;
- a substantial briefing for the demonstrator before the event;
- delivering and setting up;
- providing all equipment needed for the demonstration, such as frypans and microwave ovens;
- display and distribution of point of sale posters and equipment;

- dismantling and collection of the stand after the event;
- providing a full and confidential written report on the number of people who stopped and the comments made.

The researched sampling events were conducted by Fieldforce, one of the largest sampling companies in New Zealand. This company charges \$545 for a three day sampling event. In addition to this fee, the manufacturer must provide the products used in the demonstration.

The direct benefit gained from sampling is the increase in revenue during the sampling event. Table 3 details the unit increase in sales for each product during the sampling event, based on average sales prior to the event. A corresponding increase in revenue has been provided at retail prices.

Table 3 shows that the increased revenue gained at retail prices during the promotions covered the charge of \$545 in four out of five cases. When the retailer's mark-up, estimated at 20% for these products, is subtracted from sales revenue, only one product's additional revenue exceeded the sampling company's standard fee of \$545. However, the balance of \$136 would be largely taken care of by the cost of the sampled product itself and the manufacturer's managerial time in organising the promotion.

An indirect benefit of in-store sampling is increasing product awareness. This is achieved by making the product more visible and appealing to shoppers, whether they actually try the product or not.

Table 3. Increased revenue gained during promotion

Product	Increased sales (units)	Retail price (\$/unit)	Increased revenue \$	Est. net revenue \$
Meat product A	33	6.95	229	180
Meat product B	108	5.95	643	510
Bread product	343	1.64	563	450
Biscuit product A	450	1.89	851	680
Biscuit product B	326	1.89	616	490

Note. Revenue could not be calculated for meat product C.

Awareness is particularly important for newly launched products, such as the two biscuit products included in this research. Relatively large sales increases were recorded during the sampling event suggesting that many consumers trialed the product. The awareness level of course will be higher than the sales figures suggest, as they do not include people who see the stand while shopping but are too busy to stop.

Discussion

Effect on Sales

Sales figures increase during sampling, but the data suggest that this is only short term as it appears that in-store sampling may borrow sales from the future. Claims made in the USA that in-store sampling inflates sales figures for up to twelve weeks after the sampling event (Alpert 1987), are not supported by this study.

The findings do align with Gupta (1988), who suggested that past promotional purchases may have a negative impact on the future repurchase probability of a brand. This could be explained by stockpiling and purchase time acceleration as a result of the sampling event.

Effect on Competitors

The information obtained suggests that in-store sampling negatively affects the sales of competing brands, but this effect depends on how closely the products are related and the degree to which they may be considered product substitutes. It is likely that, where competing products are very similar and may be considered substitutes, in-store sampling will have a relatively large impact on the sales of the non-sampled brands. Conversely, decreasing similarity of products is likely to result in smaller decreases in sales.

These findings again support Gupta (1988), who found that the large majority of sales increases during a sales promotion were a direct result of brand switching, with smaller decreases being the result of purchase time acceleration.

It appears that rolling in-store sampling demonstrations may be one effective method for maintaining a sales advantage over competitors. This implies that sampling is an effective method to not only generate initial trial but to also encourage consumers to purchase the sampled products at full retail prices later on. One-off sampling does not appear to encourage repeat purchasing; once the "on-the-spot" influencing agent is removed, there may be problems gaining repeat purchases. With consideration of these findings there may be advantages in testing the benefits of a coupon offer combined with sampling to encourage re-purchase.

Costs and Benefits

Because of mounting evidence that many purchase decisions are being made in-store (Bridges 1987), sampling should be an effective means of influencing the final purchase decision. It follows that manufacturers could use in-store sampling to inform, educate, and persuade customers to purchase their brand instead of the competition, and to gain widespread awareness for a newly launched or relaunched brand.

In measurable monetary terms, however, the advantage of in-store product sampling is not clear. This study found that manufacturers would have difficulty recouping the cost of holding a promotion from the incremental sales revenue. Moreover, the expense involved in a nation-wide sampling campaign would be prohibitive for many smaller companies.

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