

A Definitive Guide to Product Sampling

Volume 1



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Sampler

Introduction

Brands use many tactics to persuade consumers to buy their product, but there is one method that has proven its effectiveness time and time again—product sampling. For centuries, brands have been using free samples to get products directly into the hands of their consumers. It's a true win-win for both sides, as consumers are thrilled to be receiving free product, and brands see an increase in sales as a result.

Despite your personal experience of receiving free products from brands, you may be asking yourself the question: How can product sampling help my brand? Though the overarching concept may be clear, there are many layers and factors that go into the art of sampling. This extensive guide will define and elaborate on the concept of product sampling, and break down the different methods being used by brands around the world.

A Brief History

Product sampling is the act of handing out complimentary, or “free”, product that allows consumers to trial it. Although it has been mentioned in literature dating as far back as the 14th century, the first notable business owner to offer free samples of their product was a man named Benjamin T. Babbitt, a 19th century soap manufacturer.

Sampling became a prominent marketing tool for businesses in the 20th century, usually taking place within a department or grocery store, malls, or even busy street corners. Retail spaces like Costco made product sampling a staple in their stores, creating an experience that drew consumers in. As more businesses noticed the positive impact sampling can have on sales, different product sampling methods began to emerge. Brands began sending product directly to the homes of consumers, or creating special events that invited consumers to experience the brand. Most recently, product sampling has moved to the digital space, allowing brands to target consumers more effectively than ever before. These methods of sampling are used by Consumer Packaged Goods brands around the world, and continue to be one of the most effective ways of engaging consumers with your product.

The psychology behind sampling

Let's face it, we all love getting free stuff. Whether it's a dessert at Costco or a sample-sized lotion from Sephora, it's hard to say no to free. Product sampling has a wide range of benefits that boil down to a few key consumer insights.

We know sampling works, but we often forget to mention the root of why. To help you understand, we did a little digging ourselves and broke down the top factors that make sampling so successful.

So, why does it work?

Risk Aversion

Trying a product doesn't involve any form of commitment or investment on the consumer's end, so it feels like a win-win situation to them. With no obligation on their end, consumers feel more open minded and willing to give your product a chance.

Giving away free product is also a great way to softly nudge consumers towards picking your brand over another. According to the Behavioral Changes in the Trial of New Products, "After the use of the sample, the consumer might be less uncertain about a brand's performance." By minimizing the potential risk, consumers are more likely to buy a product they've tried rather than one that is foreign to them.

Reciprocity

Humans naturally feel indebted to those who have done something for them, including something as simple as giving them a free sample. When you share free product with them, a mental desire to reciprocate the gesture comes into play.

According to Alex Birkett of ConversionXL, "people, by nature, feel obliged to provide either discounts or concessions to others if they've received favors from those others. By giving free samples, consumers are implicitly indebted to grocery stores."

Sentiment

When you give your consumers the opportunity to trial your product, you're giving them a chance to intimately interact with it. Allowing them to taste, smell and experience your product creates a sentimental bond that is more powerful than any other direct marketing method. In a recent study conducted by Interactions, the company who handles Costco's sampling, Interactions' beer samples at many national retailers boosted sales by an average of 71 percent, while its samples of frozen pizza increased sales by 600 percent. The proof is literally in the pudding.

Why Product Sampling?

The simple answer? It works. With brands and retailers seeing as much as a [2000 percent boost](#) in sales, it's no wonder the sampling game has blown up. Powerhouse brands like [Procter & Gamble](#) are continuing to invest more in product sampling, proving this age-old method is here to stay.

With the digital age upon us, brands now have dozens of different product sampling methods to choose from, all of which have unique benefits. While product sampling can be an extremely effective way of getting product into the hands of your consumer, brands must select the sampling method that best suits their needs. Before you can even begin to select which method is right for you, consider what goals you hope to achieve through a product sampling campaign first.

Determine Your Objectives

Before you decide that product sampling is the right path for your brand, it's important to understand exactly what your objectives are. Are you trying to generate brand awareness? Perhaps you're introducing a new product and are looking to spread the word. Whether your main goal is to large volume distribution or hyper-targeted consumers, there is a product sampling solution for you. Here are some potential objectives to consider:

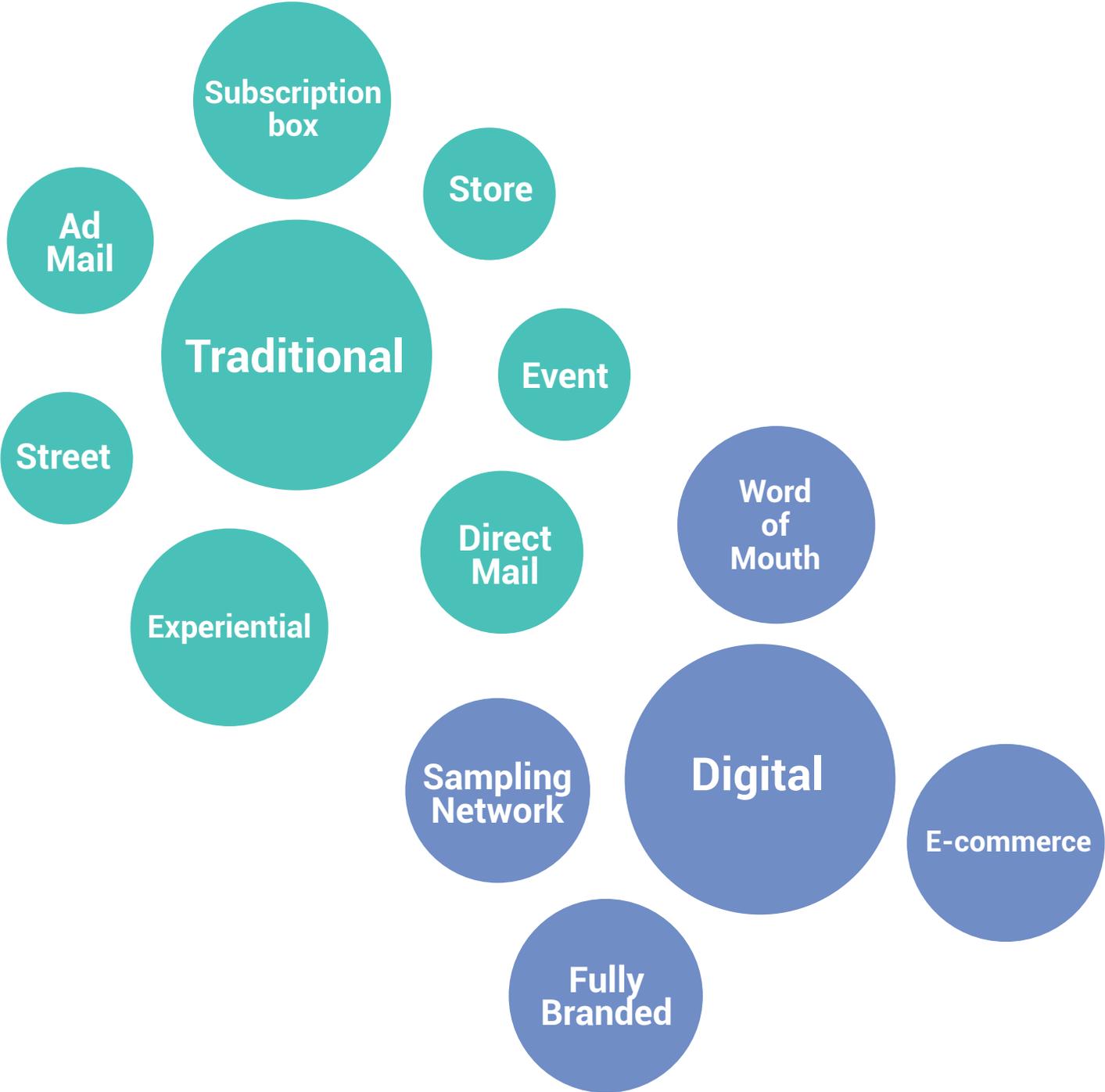
Key Sampling Objectives
Grow Brand Awareness
Increase Consumer Loyalty
Grow Customer Database
Switch Competitive Users
Gather Ratings & Reviews
Gather Consumer Insights

Once you've decided which objectives are priority, you can start to understand which product sampling method is best suited for your product. Here are a few program must-haves to consider. Select three that are top priorities for your program:

Key Must-Haves
Fulfillment Direct-to-Home
Mass OR Hyper-Targeted Distribution
Consumer Opt-In
Ability to Remarket to Consumers
Consumer Insights
In-Person Interaction
Cost-Effective
Remarketing

Types of Sampling

There are many ways for brands to distribute product samples. Depending on the goals, budget and product being sampled, each method has its strengths and weaknesses. Before diving into how to build a successful sampling campaign of your own, it's important to understand the foundation of each method.



Traditional

As the two methods most often associated with product sampling, experiential sampling and direct mail focus on creating a tangible experience for the consumer. From brand ambassadors handing out free bags of chips on the street corner, to department store employees spritzing you with the latest perfumes, experiential sampling aims to inspire immediate purchase and personal connection. Direct mail can help brands reach consumers in the comfort of their own homes. These methods can be less expensive than its counterparts, but also give brands little ROI transparency. Experiential sampling and direct mail can be broken down even further into different brand experiences:

Experiential

i. Street

In most major metropolises, it's difficult to walk down a street and not be handed a sample. Urban consumers have grown accustomed to coming across brand ambassadors on their walk to work, all of whom hand them some form of product to trial. The execution is simple, with risk and cost at a low, but provides minimal return. What happens to the consumer once they walk away with the product?

ii. Store

Similarly to its sister method, street sampling, brands commonly hire ambassadors to hand out samples in-store. A major pro to store sampling (as opposed to street or event sampling, which will be touched on below) is that you're reaching consumers in a setting that encourages impulse purchase decisions. Reaching consumers at the right time is crucial to conversion, but are you reaching the right consumers who were willing to convert in the first place?

iii. Event

As customer experience began to play a bigger role in marketing, brands saw an opportunity to engage consumers by creating events. These branded experiences allow consumers to interact with the product while being fully engrossed in a narrative. For example, Perrier Tents have become a summer music festival staple across North America. The brand builds a large, transparent tent on the festival grounds that is completely covered in Perrier branding. Inside the tent one can find a DJ stage with constant musical acts, a bar serving strictly Perrier inspired drinks, and a dancefloor to enjoy. The most crucial component though? The tent is also air conditioned, providing a sweet and refreshing escape from the blistering summer festival heat. Without fail, festival goers flock to the tent to enjoy a cold Perrier and a little cool down between shows. By doing so, Perrier has associated themselves permanently as the cool refresher, not to mention a festival full of consumers holding (and drinking) their product.

Direct Mail

i. Ad Mail

Direct mail is a popular choice for many brands who are looking to reach mass audiences at a low cost. Typically, brands send out promotional materials via traditional mail services and include a redeemable offer or product sample to entice consumers. Brands can opt for addressed mailers, which allows brands to add the name of each consumer on the mailer, resulting in a more personalized approach. This, however, can be quite costly. Alternatively, brands can opt for an unaddressed option, which keeps costs lower.

ii. Subscription boxes

Subscription boxes have risen in popularity over the past decade, with major players like Birchbox inspiring consumers to pay for a monthly dose of sampling indulgence. Typically category-specific, subscription boxes encourage consumers to pay a small monthly (or annual) subscription fee in order to receive a monthly box filled with new products to try. Consumers rarely have a say in the products they receive. While cost effective, subscription boxes require a minimum number of samples, no consumer opt-in to receive your sample or further updates from you and consumers are often over-marketed to (new samples each month).

Digital

A new marketing channel that brands can use to encourage consumers to buy a product. Digital Product Sampling helps brands target consumers digitally and deliver physical product samples with detailed analytics and the ability to continue the conversation with the consumer past trial. Digital sampling has focused heavily on the data behind sampling, giving brands the ability to target and track their sampling campaigns. There are many different types of digital sampling solutions with different offerings for brands including:

Fully-Branded Digital Sampling

If you're looking to integrate digital sampling into your own marketing channels like your website or your Facebook Fan Page, a self-serve digital sampling solution that allows you to create a fully-branded program is likely your best bet. By leveraging a solution like Sampler, brands like Kotex and The Body Shop have made it possible for their loyal fans to claim a sample of a new product line or recommend a product they love to a friend.

Word-of-Mouth Sampling

With a heavy focus on gathering consumer reviews and content, word-of-mouth sampling solutions give consumers free product in exchange for a review or a peer-recommendation. Some also ask for consumers to post about the product on their personal social media accounts, which encourages campaign virality and gives the brand usable consumer-generated content. Word-of-mouth sampling can be a great way to drive a large volume of reviews quickly, as consumers are incentivized to review the product. Keep in mind, though, that review-based sampling websites can attract lower value customers and no there is opt-in for them to receive further updates from you.

E-commerce Sampling

This solution helps brands take advantage of the extra space in Ecommerce packages while helping retailers surprise and delight their customers. Retailers like Sephora have made this solution quite popular. After seeing the success of their in-store sampling strategy, Sephora introduced the ability for consumers to add a few samples to their order for free at checkout. Similarly to the subscription box model, e-commerce is typically quite cost effective but also comes with a few challenges. In this model, there is no consumer opt-in to receive your sample or any further updates from you, and very limited consumer data for targeting or post-analysis.

Digital Sampling Network

If your goal is to reach a large number of hyper-targeted consumers, Sampling Networks are the best solution for you. By partnering with online communities and publishers, Sampling Network leader Sampler helps brands connect with consumers on websites across multiple verticals including Parenting, Health & Fitness, Fashion & Beauty and more. Using this solution, brands can ensure their sample is only distributed when the network finds a perfect match. Kraft-Heinz has seen that Network Sampling could help them achieve very specific goals like reaching consumers who buy natural products often. With Sampling Networks there are unlimited targeting perimeters and an extensive database of consumers, with pay per performance and consumer opt-in for re-marketing. While it is more effective in the long run than the other sampling methods, it is slightly more expensive because the cost includes shipping direct to home.

What to Expect

What should you expect in your first run?

Budget

The total budget will vary greatly from program to program, but brands should consider the following:

- a. How much will it cost to produce my sample?
- b. How much will it cost to reach my target audience? (Ads, Service, Event...)
- c. How much will it cost to deliver my sample? (Shipping, Handling, Brand Ambassadors...)
- d. How much will it cost to re-market to that consumer? (Follow-Up Coupons, Surveys...)
- e. How much will it cost to measure the effectiveness of my program? (Analytics Tool, Coupon Redemption House, Service...)

Expected Reach

Every solution will have different reach and naturally, if you define your audience more narrowly you will end up with a smaller reach. When shopping for your audience, ask your sample service provider what their total reach is for your unique target market and then ask them which % they expect to convert. Because it is hard to predict what % of an audience will convert you should always consider a more performance based solution.

Program Lead Time

Brands need to consider how long the program execution will take, and set a realistic timeline for launch. If you're executing yourself, think about how long it will take to:

- Produce the sample
- Ship the samples to a fulfillment warehouse
- Create a media plan to target the right consumers
- Work on campaign creative
- Create a follow-up offer

Learnings

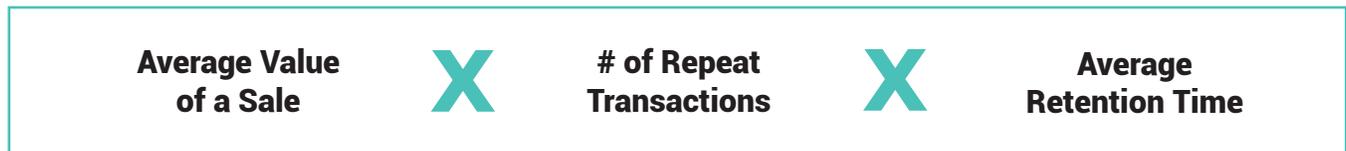
Brands can expect to learn behavioural and demographic insights about their consumers, as well as who is responding best to their product sample offer. They will learn exactly how their sampling program is performing every step of the way, and can gather contact information for remarketing purposes.

How to Calculate the Right Sampling Method for You

After having a look at the different sampling methods that exist, you've probably narrowed it down to a few different tactics that fit your needs. Now, let's compare the cost of each method to find which method is right for you. When it comes to finding the perfect sampling method for your business, it can really help to have some supporting baseline metrics to help guide you in the right direction. No matter what sampling method you choose to pursue, you want to ensure your Customer Acquisition Cost (CAC) is lower than the Lifetime Value of your Customer (LTV).

The first step in measuring the potential ROI of a sampling method is to figure out how much an average customer is worth to you—how much money do you make from them over the lifetime of their relationship with you? When calculating, you want to ensure that the lifetime value of a customer is more than the sum of marketing dollars spent to acquire them. Let's start by calculating the lifetime value of your customer.

Lifetime Value of a Consumer



While there are many different formats used to calculate the LTV of a consumer, let's begin with the most basic form. First you must determine the following:

1. Average sale
2. The amount of times a customer will repurchase your product
3. The average length of time you will retain a customer

So let's use an example:

Bob's Hunny Co. is a company that sells honey-infused products including their delicious Honey Granola Bars. Here are the metrics Bob must consider:

1. 1 Box of 6 granola bars = \$6
2. Bob believes the average customer buys 12 boxes per year
3. On average, Bob believes they stay loyal to his brand for 1.5 years

So using the formula above, the lifetime value would be:

$$\$6 \times 12 \text{ purchases} \times 1.5 \text{ years} = \$108$$

So the lifetime value of an average customer is \$108.

Cost of Acquisition

Now that we know the lifetime value (LTV) it's time to calculate our Customer Acquisition Cost (CAC). There are many factors that must be taken into consideration when trying to calculate the cost of customer acquisition, which are broken down below:

Production Costs	What will be the total cost of producing all the samples that will be distributed in my program?
Targeting Costs	How much will it cost to reach my target audience? (Ads, service, events)
Fulfillment Costs	How much will it cost to deliver my samples? (Shipping, handling, brand ambassadors)
Remarketing Costs	How much will it cost to remarket to that consumer? (Follow-up coupons, surveys)
Measurement Costs	How much will it cost to measure the effectiveness of my sampling program? (Analytics tool, coupon creation, coupon redemption fee, etc.)

Once you've determined a rough estimate of each, divide the total cost by the number of samples you wish to distribute. The idea is to keep your targeted trial cost below your LTV costs. Here's an example of this calculation below:

Costs to Consider

Production	\$3,000
Targeting	\$500
Fulfillment	\$2,000
Remarketing	\$250
Total	\$6,750

$$\begin{aligned} \text{Cost of Acquisition per Customer} &= \frac{6,750}{2,000} \\ &= \$3.37 \end{aligned}$$

Once you've established the metrics, you need to consider which sampling method best suits your business needs.

At the end of the day, sampling is just the first step on a long customer journey.

Brand managers need to make a business case for digital sampling, and should focus on the immense ROI and targeting benefits that digital sampling can offer. Looking for a first step? Try reaching out to sampling companies and ask for data to back up their solution, giving you concrete evidence to show your leadership team that digital sampling does work.

As a business, you know your goals and objectives better than anyone. With those goals in mind, you can use the tools in this sampling guide to determine which product sampling method works best for your brand. It is important to take the time to understand each product sampling method to determine which path is right for you. Regardless of which method you choose, always make sure you are optimizing your opportunity as much as possible. The sampling process shouldn't end once you've handed a consumer a sample—keep the conversation going with consumers so you can truly track your return on investment.

To see how brands are harnessing the power of digital sampling, [click here](#).

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