**Product Trial and Repeat Purchase**

**Product Trial**

Product trial is the way in which a business persuades customers to try out a new product or service to help raise the awareness of its existence and gain feedback on its possible success. Product trial is also designed to help build loyalty to the product and thus establish repeat purchase.

**Advertising:** Customers are more likely to trail a product if they know about it. Advertising is one way in which customers can be informed about the product. The media is television, radio, cinemas, newspapers and magazines. Television advertisements or advertisements in magazines are examples of media advertising. Outside of the media advertising can also be placed on large bill boards by the roadside.

**Free Publicity:** Businesses launching a product want journalists and producers in magazines, newspapers. The television and on the internet to write about their new product. This gives the product free publicity. So journalists and producers may be invited to a launch party for the product. They may be sent articles and information which the business ha written itself. Journalists can then adapt the material to use in their own publications. On the internet, one way of getting publicity is to get people recommending a product to a friend. This is called viral marketing because the message is spread like a virus from one individual to another. Internet sites like Facebook, Twitter or YouTube can be targeted in this way.

**Free Samples:** Another common way for businesses to launch a product is to give free samples. A special stand in a supermarket is sometimes used. For some products, such as perfume or make-up, free samples may be given in magazines.

**User Testing**: With some products, it is not possible to give out samples. However, potential customers can be offered a test trial of a product. For example, cars can be taken for a test drive by potential buyers. Games consoles can be tried out in shops or road shows.

**Low Trial Prices:** Businesses may choose to offer new products at a lower price. This strategy is known as penetration pricing. There is a variety of ways of doing this. A product might have a low price for the first month after launch, or there may be special offers such as two for the price of one on the new product. Coupons given away free in magazines and newspapers or over the internet may give money off or provide a free sample.

**Product Trial and Repeat Purchase**

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|  |
| APPLESTORE | FREE | LOYALTYCARD |
| OFFICE | PRODUCTTRIAL | REPEATPURCHASE |
| SPECIALOFFERS | STARBUCKS | TESCO |
| TESTING |  |  |

Find the words in the word search and then use them to complete the paragraph below:

Businesses use \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_ to try to persuade customers to try one of their products or services. For example in an \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_ you can test the equipment or in an \_\_\_\_\_\_\_\_shop you can try on the products to see if they fit. To keep customers, a business will aim to encourage \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_ . To keep customers coming back to them \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ give customers a \_\_\_\_\_\_\_\_ \_\_\_\_\_\_ which is stamped every time you purchase and after 10 stamps you will receive a \_\_\_\_\_ drink. If you shop at \_\_\_\_\_\_\_\_\_\_\_\_\_ you can use your loyalty card to gain points. The points can then be used to get money off or to get \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ like a free entry to Alton Towers.

**Promotion Strategy: Activity**

Coca Cola are ready to introduce a new strawberry flavour soft drink to increase their product range. They have asked you to select four promotional strategies from the table below and justify your decisions before Coca Cola try to persuade customers to purchase the new product.

|  |  |
| --- | --- |
| **Method** | **Explanation:** |
| Viral advertising |  |
| Sponsorship |  |
| Product trial |  |
| Special offers |  |
| Targeted online advertising |  |
| E-newsletters |  |

In its latest Advertising Expenditure report, published today, the Dentu Aegis Network company has forecast the UK advertising market to grow by 5.5 per cent in 2016, which is lower than the 5.8 per cent prediction it made in its last report in March.

Carat also predicts digital adspend will account for 51 per cent of all UK adspend next year, the first time that digital advertising will make up the majority of the market.

Based on data received from 59 worldwide markets, the September report forecasts that global adspend will grow by 4.0 per cent this year to $529 billion (£340.68 billion) – a slight decline from the 4.6 per cent predicted in March.

Carat predicts global adspend will grow by 4.7 per cent next year, also slightly down from a previous prediction of 5.0 per cent.

Explain one benefit to a business of using online advertising. (3 marks)

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Why do you think the global online advertising spend is rising?

1. Define the following terms:

Team Sky

Sky has sponsored British Cycling since 2008. During that time there has been an exponential growth in the popularity of cycling across the UK. This has been clearly linked to the huge success of British cyclists in various international competitions including the Olympics and the Tour de France.

Compared to 2008, 1.7 million more Britons are regularly cycling and there has been a significant growth in the membership of British Cycling.

This sponsorship deal with Sky came to an end in 2016 and British Cycling announced its new sponsor, HSBC.

However, Sky is continuing to support its famous “Team Sky” cycling team that has enjoyed incredible success with cyclists such as Chris Froome and Bradley Wiggins.

According to Sky, the annual budget for the team is £24 million and it yields £500 million in advertising value.

*Source:* [*www.teamsky.com*](http://www.teamsky.com)

|  |  |
| --- | --- |
| Sponsorship |  |
| Branding |  |
| Promotional Strategy |  |
| Viral Advertising |  |
| BOGOF |  |

2. Why has Sky’s sponsorship of cycling in the UK been relatively more successful, compared to Barclay’s sponsorship of the Premier League? (6 marks)

3. Explain one concern British Cycling’s new sponsor, HSBC, may have as they embark upon their new relationship with the sport? (6 marks)





