

Product and Brand Management (MK 8620)

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Center for Excellence in
BRAND & CUSTOMER MANAGEMENT

Assignment 4- Sampling

Note: Please name the document as: *MK8620_LASTNAME_FIRSTNAME_4*

1. For a new product the following table depicts the classification of the target market:

<i>Number of Consumers</i>	Who would try the product without samples	Who would try the product <i>only with</i> samples
Who will repeat	400,000	100,000
Who will not repeat	200,000	50,000

- a. Assume sampling is random (meaning that it is equally likely to pick anyone), all samples are used (meaning every trial sample you send is used), 100 % availability and 100 % awareness. How many repeat purchases will be generated per 100 units employed in sampling?

Hint: Compute the percentage of repeaters without sampling (i.e. those who would try the product without samples). Then calculate the percentage of total repeaters (i.e. repeaters without and with sampling). The difference between the two will be the percentage of repeat purchases generated.

- b. Now assume awareness without sampling is only 40 %. How many repeat purchases would now be generated per 100 units employed in sampling?

Hints: 1) Think about which segments will be affected by a lack of knowledge.
2) Calculate a pre-sampling percentage and post-sampling percentage

- c. Again, assume 100 % awareness but only 50 % of the samples are used. Assume usage is independent of the trial probability. How many repeat purchases will be generated per 100 units in sampling?

Hint: Think about which segment is affected and compute pre and post sampling repeat purchases.

- d. Suppose sampling was not random but could be directed at different segments of the population. Who should receive free samples? How would the effectiveness of the sampling operation change?
2. Veekay's Company has recently introduced two products: brand of shoe polish and expensive leather shoes. Marketing Research indicates the following results.

<i>Measures</i>		<i>Polish</i>	<i>Leather Shoes</i>
Recall rates (%)		60	40
Attitudes (% of those who are aware)	Positive	20	40
	Negative	10	0
	Neutral	70	60
Trial Rate (% of those aware)		40	20
Intention to repurchase (% of triers)		30	60

For each product:

- a. Compute the likely market share assuming 100% recall and no attitude information
- b. Compute the likely market share incorporating recall information (without taking in to account attitude information)
- c. Develop a thumb rule for the attitude factor and compute the likely market share using all the above information
- d. Comment on the usefulness of the following strategies:
 - a. Couponing
 - b. Sampling
 - c. Advertising
 - d. Increasing margins for retailers