How to create value through strategic product sample promotions

- a Case Study of L’Oréal Sweden

[Mikaela Eckerbom & Maria Jedenmark]
Abstract

Title:  

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- a Case Study of L’Oréal Sweden

The Swedish beauty industry face challenges with product samples as a promotion technique. The lack of a defined strategy results in a random distribution, which leads to weak ROI. However, product samples could be used proactively as a strategic marketing tool creating long-term brand value.

This thesis provides a framework for L’Oréal to fulfill their objectives of using product samples – from strategy formation to tactical practice. Davies’s (1992) model “Using promotions as part of a strategic plan” is used as a sorting mechanism. We created a three-step process based on the model as a structure for this thesis: strategy preparation, strategy implementation, and strategy follow-up. Qualitative interviews and a quantitative survey proved that different product sample types require different strategies depending on the aim of the promotion. As a complement, targeted product samples via GlossyBox enabled L’Oréal to gain market insight and use product samples more strategically.

Keywords:  
Marketing promotion tools; Product sample promotions; Swedish beauty industry; Value creation; Targeted product samples
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1. Introduction

“The best salesman for the product is the product itself” (Beckman & Davidson, 1967:467).

For centuries people have been using marketplaces as a fundamental base to trade products. Samples of products have been given out to encourage consumers to try without obligations to buy, and to become a top of mind product in a possible purchase decision (Heiman, A. et al., 2001; Ailloni-Charas, 1984). Product samples are a sales promotion technique that marketers use to persuade consumers to engage with the product as a part of a larger promotion strategy (McGuinnes et al., 1995). They can be categorized into; free samples, often a miniature of the real product; trial sizes, also called sachets – French for small packages, a one time tester of a product; and demonstrations, a full-size product tested in store (Davies, 1992). The variety of product sample types makes you speculate; do these require different strategies? Do they generate different outcomes?

In a larger context product samples are a part of a promotion strategy, usually a mix consisting of advertising, public relations, sales promotions, direct marketing and personal selling. All parts need to be taken into consideration by the marketing manager. Hence, the product sample promotion strategy is merely one ingredient in the recipe to successfully fulfill the marketing purpose. Nevertheless, all sub-parts in the promotion mix need a comprehensive strategy to leverage on one another. (McCarty, 1960; Davies, 1992)

Today, companies are starting to see potential in online distribution of product samples to encourage interaction with consumers, e.g. via social media and other more targeted strategies. During the past couple of years the distribution of product samples has increased, often without support from a long-term strategy (Davies, 1992). This thoughtless random distribution\(^1\) of product samples leads to a growing cost of goods and a low return on investment (ROI). Consequently, investors will dismiss a strategy with low ROI and marketers will employ other promotion tools to acquire higher ROI (Adler, 1999:82). Additionally, almost no effects of increased brand value can be observed from product sample promotion (Heiman et al., 2001; Marketing Week, 2011). However, when product samples are used in an interactive manner and

\(^1\)“Random distribution” is a technique where the strategy is set to reach a random target group. This thesis refers to “random distribution” which lacks a long-term strategy behind the distribution of the product samples.
in combination with other promotional concepts or events, non-monetary effects are easier to identify. This was seen in a study of 50 different marketing campaigns where 90% of the respondents showed increased brand awareness and 91% an increase in their purchase intention after receiving a product sample, compared to the effect from only advertisement (Marketing Week, 2011). Product samples have therefore proved to influence buying-decisions. Further, it is an influential and truthful source of product information. (GlossyBox Internal Documents, 2011; Marketing Week, 1997; Marketing Week, 2011) In comparison to traditional marketing, such as TV/media, product samples are criticized for a lower coverage. However, product sample promotions generate valuable side-effects such as word-of-mouth, which reaches consumers through people they trust opposed to traditional marketing advertising (Grönroos, 2007; Marketing Week, 2011).

1.1 Problem Background

The Swedish beauty market for more exclusive brands is a mature market that slowly grows due to continuous product launches (www.ktf.se). The competition is fierce, which makes the “battle” for every consumer important. L’Oréal’s more exclusive brands operate through a business to business to consumer (B2B2C) process (see Figure 1.1, p. 7). Every lead needs to be involved in the strategy, which intensifies the complexity of fulfilling a successful strategy implementation (L’Oréal Internal Documents, 2012). Product samples are one of the competitive promotion mix tools used on a daily basis (Heiman et al., 2001; Amor & Guilbert, 2009). However, a non-strategic use of product samples where they are solely used to increase short-term values generates a low ROI (Blattberg et al., 1978). Product samples are often given to a random and less recipient target group or to the sales force for random distribution (Ibid.). Compared to product samples in the food industry that are consumed immediately, cosmetic product samples have a delayed consumption and the effects are thereby harder to control and measure (Ailloni-Charas, 1984). Due to this, the marketing manager may drop interest using product samples, and less time is thereby invested in these actions. Long-term effects in perceived quality, brand awareness, brand associations and brand loyalty are rarely measured and no comprehensive long-term strategy is formulated in line with them (Aaker, 1996). The challenge most companies within the beauty industry have today is to maximize the efficiency of each product sample.
Despite the extensive research of product samples as a marketing tool, there is no clear reasoning explaining how and why a long-term product sample strategy should be formulated. Most researchers focus on the effects or fragments of using product samples. We identified a gap in the understanding of how the whole process from strategy formation to tactical practice should be implemented successfully.

1.2 Research Question and Objectives

Our purpose is to examine product samples as a marketing tool phenomenon and explore how and why L’Oréal’s more exclusive brands use product samples as a promotion tool. The aim is to provide a framework to sort out what actions a marketing manager should consider to fulfill the pre-set objective behind the use of product samples. We choose to study the following research question from a marketing managers perspective:

- How can a company within the beauty industry work strategically with product sample promotions to create long-term brand value?

To answer this research question and fulfill the purpose, we map what aspects a marketing manager needs to consider when handling product sample promotions. The process is divided in three stages; strategy preparation, strategy implementation, and strategy follow-up. This structure is followed both in the theoretical and analysis chapter. In the concluding chapter we discuss the most significant challenges and highlight the critical stages that can enhance a strategic use of product sample promotions.

1.3 The Involved Companies

Two companies are involved in this thesis. L’Oréal is presented as the case company followed by the company GlossyBox, here used as an experiment. This sub-section constrains the information to what is important for this thesis regarding the involved companies.

1.3.1 L’Oréal – the Case Company

L’Oréal was founded in 1907 and is the largest beauty company in Sweden in terms of number of brands and total market share. The L’Oréal group consists of more than 20 brands, covering different segments and market positions. This thesis focuses on their more exclusive brands since
these concern more expensive and high technological products compared to mass-market products, and thereby handle more expensive product samples. Consequently, the product samples could also generate a greater monetary loss in terms of weak ROI if misused.

The professional and luxury segment has a value chain design with a value creation process that differs from the mass-market segment. This is dependent on a three-step process: from L’Oréal to an intermediary channel, such as hair salons and department stores, to the end-consumer. By more exclusive brands, we thereby mean L’Oréal’s brands that are less available and primarily can be bought at either a hair salon or a department store. This provides and supports the professional touch where consumers pay for the value added through expert advice from the intermediary channel that transfers the expertise knowledge for a customized consumer solution. (L’Oréal Internal Documents, 2012)

![Figure 1.1 The traditional value chain process of L’Oréal’s more exclusive brands](L’Oréal Internal Documents, 2012)

However, this process brings many challenges. First, the market is highly competitive, dominated by a small number of large actors where new product launches continuously add to the complexity of differentiating a brand from another. Second, since L’Oréal does not have direct contact with the end-customer, the focus lies on a good B2B-relationship. The marketing manager’s role in this context is to set strategic direction for each brand. Product samples are a daily used marketing tool, used traditionally B2B2C, but also in a more targeted strategy B2C. (L’Oréal Internal Documents, 2012)

### 1.3.2 GlossyBox – the Experiment Company

GlossyBox is a start-up company initiated by the German investment company Rocket Internet, which is a part of Investment AB Kinnevik’s consumer related portfolio of online services (www.rocket-internet.de; www.kinnevik.se). The company GlossyBox was established on the Swedish market in the end of 2011. Their mission is to be “an innovative marketing platform enabling brands to drive consumer engagement and advocacy through high quality sampling
experiences” (GlossyBox Internal Documents, 2011). They work B2B, creating a network within the beauty industry, and offering a channel linking brands with the most recipient consumers. The GlossyBox-concept consists of a monthly beauty box containing five product samples from different beauty categories directly sent to their subscribers’ homes. Each subscriber completes a beauty profile in advance to receive product samples matched to their criterions. After testing the products, the subscriber evaluates them in a survey rewarded with “GlossyDots” to encourage engagement. For each product there is a specific survey for the consumer to complete as market research, provided by each company participating in the offer. (www.glossybox.se) Below is a visualization of the GlossyBox process.

![Figure 1.2 The GlossyBox Process](GlossyBox Internal Documents, 2011)
2. Theory
The literature review is divided in three sections, visualized in the funnel below. In 2.1 objectives of using product samples are discussed. Section 2.2 describes the process of using product samples, to identify what a marketing manager can and cannot influence. The last section 2.3 merges the above theories into the challenge of product sample promotions, summarized in a model that culminates in a hypothesis.

2.1 Objectives of Using Product Sample Promotions
McCarthy’s (1960) 4P model (*product, price, place* and *promotion*) is a dominant marketing mix concept for marketing managers to consider when forming brand strategies. However, endless variations of the mix are applied to fit brand specific criterions. Van Waterschoot & Van den Bulte (1992) emphasized that the 4P model was inconsistent due to the strong internal market focus, forgetting about the external practical use. Lauterborn et al. (1994) proposed a more consumer-oriented marketing mix. In the 4C model (*consumer, cost, convenience* and *communication*), consumers are in charge of the market and a focus on interaction is vital for a successful marketing strategy. (Ibid.) Both “promotion” and “communication” are taken into consideration when further discussing the use of product samples.

The most generic objectives of promotion tools are simple: to **inform**, **persuade** and **remind**. Hence, the complexity of marketing tools is to create different strategies for different outcomes. Promotion is sub-categorized into advertising, personal selling, sales promotion and publicity in terms of free advertising (McCarthy, 1960). Depending on the marketing manager’s objectives, promotions can have different effects. By separating basic and complementary elements of
promotions, the specific strategies can be clarified. Basic elements like traditional advertising prolong consistency over time, and complementary elements as product samples promotions add value during shorter periods of time (Van Waterschoot & Van den Bulte, 1992). However, four overall factors should be thoroughly considered when setting objectives: the company’s size; the product’s position within its product life cycle; the target group for the promotion; and the product’s characteristics (McCarthy, 1960).

“The ability to set objectives and measure results are the hallmarks of successful managers.” (Aaker, 1996:120)

Brand objectives and performance measures of a promotion’s efficiency tend to descend from financial measurements such as sales, profit, costs and margins. These are usually seen as short-term measurements, and give little means to the marketing manager to create long-term value for the brand. A long-term brand value objective is to maximize a brand’s equity, defined by the four dimensions below. (Aaker, 1996)

- **Brand loyalty** – “A loyal customer base represents a barrier to entry, a basis for a price premium, time to respond to competitor innovations, and a bulwark against deleterious price competition” (Aaker, 1996:106). Loyal consumers are faithful towards a brand, and less sensitive to market competition.

- **Perceived quality** – “...has been shown to be associated with price premiums, price elasticity, brand usage, and, remarkably, stock return” (Aaker, 1996:109). The perceived quality is dependent on the consumers’ opinion on how well a product/brand fulfills his/her expectations.

- **Brand associations** – “...can be structured around three perspectives on the brand: the brand-as-product (value), the brand-as- person (brand personality) and the brand-as-organization (organizational associations)” (Aaker, 1996:111). Brand associations can be anything settled about the product or brand in the consumer’s mind.

- **Brand awareness** - “...reflects the salience of the brand in the customers mind” (Aaker, 1996:114). These can be: recognition, recall, top-of-mind, brand dominance, brand knowledge and brand opinion.

All the above dimensions are customer perceptions that affect each other, e.g. if associations with a brand are perceived positive, the chance of also generating brand loyalty increases. The
marketing manager can consider these as complimentary long-term measurements. These are also defined as appropriate signals of brand value (Davies, 1992). Further, the dimensions of a brand’s equity need to be viewed from every specific brand strategy and its’ competitors to make sense. If information about the four dimensions is gathered (usually through surveys) a suggestion of what is essential for the brand’s equity can work as a foundation to build a long-term strategy for the marketing manager. (Aaker, 1996)

2.2 The Use of Product Samples
In hindsight, promotions have mainly been used reactively to encounter short-term sales deficits and as a tool for management to compensate bad results. To gain structure and guide future direction with promotion tools, sales promotions are divided into price-related - and non-price promotions (see figure 2.1). (Davies, 1992) From here on the focus is on the price based promotion tool, product samples. It is important to highlight that a collection of these tools should be used when creating a thorough promotion strategy in the marketing mix.

<table>
<thead>
<tr>
<th>Price-related trial promotions</th>
<th>Non-price (mainly usage) promotions</th>
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<tbody>
<tr>
<td><strong>Generic title</strong></td>
<td><strong>Examples</strong></td>
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<tr>
<td>Sampling</td>
<td>Free samples</td>
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<td>Trial-size samples</td>
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<td>Demonstrations</td>
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<td>Coupons</td>
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<td>Price Offs</td>
<td>Refunds or rebates</td>
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<td>Contests and sweepstakes</td>
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<td>Continuity programmes</td>
<td>Stamps</td>
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<td></td>
<td>Collector items</td>
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**Figure 2.1 A Taxonomy of Consumer Sales Promotions**
(Davies, 1992:5)

A marketing manager needs to take market and consumer aspects into account for every promotion decision made, to augment the strategic action (Lauterborn et al. 1994). “Promotions do not just have tactical potential, they can also be used to develop and maintain competitive advantage” (Davies, 1992:5). Due to the diversity of channels and vague objectives, the use of product samples has not flourished in the way it could and the potential is thereby not realized.
Davies (1992) model of “Using promotions as part of a strategic plan” (see figure 2.2) is used as a sorting mechanism to create understanding of the complex reality of strategic long-term product sample usage.

Figure 2.2 Using promotions as part of a strategic plan
(Source: Davies, 1992:6)

Throughout the previous sections, a shift in focus has become evident. The former market-focus is integrated with a consumer-focus, where interaction and long-term measurements of a brand’s equity are vital. Numerous of variables need to be taken into consideration when using product samples as a promotion tool. Therefore, this section breaks these variables down to what a marketing manager can and cannot influence when formulating and implementing a long-term product sample strategy. These are explained under the terms: strategy preparation, strategy implementation, and strategy follow-up.
2.2.1 Strategy Preparation
To follow the structure of Davies’s (1992) model, the first three steps are covered under the term “strategy preparation” (see figure 2.2). These aspects are emphasized as significant to highlight, since the use of product samples can guide the company’s future direction. First, the company’s current market positioning and target group should be identified, which is the substance of all operational business. During this step, it is vital to evaluate how to execute the product sample strategy, e.g. defining the underlying objective, since it affects the process of consumers’ brand value creation. The order of using advertising and/or product samples provides different scenarios for the outcome, i.e. potential brand value creation. Indirect experience through traditional advertising may build strong and exaggerated expectations of a specific product, leading to disadvantages for the brand if not met with the product samples. (Marks & Kamins, 1988) The marketers’ interest behind traditional marketing, with repetitive claims, may also conflict with the interest of the consumer. This scenario arises when the marketing manager uses advertising to become more profitable while the consumer anticipates to get their expectations of the product samples met. This can decrease the company’s credibility. (Hoch & Deighton, 1989) Aaker (1996:108) states “.../dissatisfaction can be caused by inflated expectations as well as low levels of perceived performance.” To gain attitudinal change from the consumer, product samples can be used isolated from other promotions, but the most effective strategy combine a somewhat exaggerated advertising followed by a distribution of product samples. This increases the chance of a win-win situation that gains positive consumer attitudes and purchase behavior. (Mark & Kamins, 1988)

During the second step, the outcome of the product sample strategy is dependent on the prior set objectives defined to outcompete competitors (Davies, 1992). An important variable to consider before implementing a product sample strategy is when in the product life cycle (PLC) it is executed (McCarthy, 1960). Product samples should not only be used during the products’ introduction phase, but throughout the PLC. The effects are more beneficial in a long-term strategy, both for increased brand awareness and purchase intentions. (Bawa & Shoemaker, 2004; Lammers, 1991) Products with a high penetration rate and well-know brands are most effective to be promoted through product samples (Amor & Gilbert, 2009). Heiman et al. (2001) emphasize that mature products are important to push when the risk is high of consumers forgetting about the product and when competition is intense, especially through experimental product sample
tactics. If the objective with the strategy is to create recognition, newly launched or niche products should be sampled. If the brand is well known, the marketing manager’s objective should be to create brand awareness. That makes the consumer recall the brand, as a top-of-mind brand. (Aaker, 1996) Product sample promotions should not be used as a one-time tactic, but as stated above, be part of a long-term plan. If so, it can give a competitive advantage in terms of brand awareness that enhances the likelihood of a future purchase from the consumer. (Davies, 1992) In the short-run, it may lead to relatively small purchases, but in the long-run sales can increase in line with the improved focus on creating brand value. (Lammers, 1991)

During the third step, the manager must identify how to reach and attract the target group. Screening the market gives the possibility of receiving information on what consumers are most open to, and what the marketer can influence (Davies, 1992). When the target group is identified it opens up for a more proactive use of product sample promotions (Davies, 1992; McCarthy, 1960). Laochumnanvanit & Bednall (2005) follow this reasoning and mention that it is difficult to affect consumers’ prior knowledge and skepticism towards a product. What can be done is to identify the right and most recipient target group and initiate contact with them for future interaction.

“All good advertising begins with a fundamental understanding of the receiver...//...//Information about the receiver is available and accessible as never before” (Lauterborn et al., 1994:11).

Marketing managers should identify the most deal prone segment, to use promotional activities in an efficient manner. Blattberg et al. (1978) found that the most recipient target group is connected to resource variables: people owning things, like a house or a car. This conclusion is based on their monthly spending, which was above average compared to people not possessing these resources. Other attractive variables for market segmentation are time- and income related. It matters where in life the consumers are and how much money they earn (Ibid.). Amor & Guilbert (2009) strengthen this argument and believe that when the most recipient segment is identified, such as family users and high-annual-spenders within the specific category, the usage rate of free samples will be higher. Therefore, this is a vital aspect for the marketing manager to consider, both when improving short-term financial measures and when strengthening long-term measurements as the brand’s equity. An example is the difference between random and targeted
distribution of product samples. A random distribution is a common method due to the inconsistent knowledge of who the recipient target group is. For instance, distributing a lipstick sample to all girls, while many girls do not like or ever buy lipstick. On the other hand, a targeted product sample strategy would mean, finding out which particular type of girls like lipstick and spend money within this product category and then directing the lipstick samples to them. This strategy would most likely generate the effect that the company was aiming for. (Amor & Guilbert, 2009) Further, McGuinnes et al. (1992) found it even more efficient to select a target group within a segment and hand out the product samples in person, due to the difficulties of using product samples with a delayed use.

2.2.2 Strategy Implementation

This section goes deeper into the intertwined stage of the strategy, when consumers engage with product samples. This procedure is important for the marketing manager since they still have the ability to influence consumer attitudes towards the brand and thereby the total effectiveness of the product sample strategy. Davies’s (1992) fourth and fifth step break down two important aspects for the marketing manager to interact with consumers: pre-testing and market launch. These are referred to as strategy implementation during this section (see figure 2.2, p. 12).

Once the product samples are distributed the aim is to encourage consumers to engage with the products (McGuinnes et al., 1995). Engagement can include both immediate use, as with food samples distributed in store, or a delayed use, as with cosmetic products when the consumer generally bring the sample home and test it outside of the store (Ailloni-Charas, 1984). A study by Amor & Guilbert (2009) showed that the usage of cosmetic product samples after receiving them is high. Out of the study’s population, 72% tested the provided product samples, and thereby made a connection to the product (Amor & Guilbert, 2009). Consumers have proved to be open to learn from product experience, which is why marketing managers should view the process as intertwined with the comprehensive promotion strategy (Hoch & Deighton, 1989). However, the risk of “promotion overkill” where an intense use of product samples in a specific category may saturate the interest on the market should not be neglected (Low & Mohr, 2000). Even though this could increase visibility for a product/brand it could also make consumers less brand loyal and more price sensitive. The learning process is not the same as educating the consumer, but rather an interaction to actively form new attitudes towards a brand. A product
with a set target group, e.g. a product with a feminine image as a hairspray, can through product sampling transform attitudes and thereby expand the target group. By letting consumers outside the target group try the product (in this case distributing the hairspray at an event for men) opens up the chance to attract a new group of consumers. The consumers’ prior assumptions may appear to be different from their new experiences, and by targeting free product samples this initial perception or attitude can be changed. (Hoch & Deighton, 1989; Hamm et al., 1969; Bettinger et al., 1979).

Product samples can have two effects; increase probability of a consumer purchase and/or start a process of cumulative goodwill formation. A short-term focus results in an instant purchase decision and thereby sales, while a long-term focus is beneficial for a longer period of engagement (Heiman et al., 2001). Further, product samples can create added value for loyal consumers, to conquer specific target groups through market segmentation, and to form preferences and brand loyalty from an early stage in life. This seems to develop long-term purchasing patterns. (Ibid.) A marketer segments the target group simply to provide benefits for the people who seek to consume a certain product and build a lasting relationship with them. If the benefit of using the product is not profound, less loyalty towards the product will be shown (Paul Peter & Olson, 2008). Davies (1992) lifts the product quality reputation as an important aspect to sustain competitive advantage. Several objectives can be used to measure the value of a brand and these signals can be: the perceived quality, the brand awareness, and brand loyalty. In summary, these aspects equals long-term positive effects and follow Aaker’s (1996) objectives of building brand’s equity.

2.2.3 Strategy Follow-up

The next step demonstrates the effects from the marketing manager’s work throughout the strategy preparation and implementation process. This section explores the final outcome of previous sections, here referred to as strategy follow-up (see figure 2.2: p. 12). Davies (1992) emphasizes the last aspect to consider in a promotional product sample strategy as tracking consumers’ behavior and motives. This to notice any changes that can give a competitive advantage, if taken into account.
A marketing manager’s biggest concern regarding promotion activities should be the question of: “Did it fulfill the objectives of the promotion?” As discussed earlier, both short-term financial measurements and long-term measurements of a brand’s equity must be tracked to captivate the promotion’s effects. A product sample promotion can have both short- and long-term effects on sales shown in the ACE-model (acceleration, cannibalization and expansion). The acceleration effect speeds up the consumer’s buying process, which otherwise would have been left out or delayed. Cannibalization is when the sales of full-sized products decrease due to the free trial. Last the expansion effect, where the product sample reaches people outside the proposed target segment. (Bawa & Shoemaker, 2004) Further, Lammers (1991) adds the effect of generalization; where the consumer buys a similar product from a different brand rather than from the sampled brand. These four effects can be viewed as short-term sales, but also and as a long-term measurement that signals brand value. Brand awareness, perceived quality, brand association and brand loyalty are thereby intertwined in these aspects. Strategically used product samples can lead to measurable long-term effects, compared to e.g. coupons, which often generate in short-term effects. Therefore, the marketing manager should handle different types of product samples differently to avoid negative effects, such as cannibalization and enhance effects like acceleration. (Bawa & Shoemaker, 2004)

The key behind creation of long-term value through product sample promotions is a satisfied consumer. This is dependent on Hoch & Deighton’s (1989) point of transcending advertising expectations through product samples. One positive effect a satisfied consumer brings, is beneficial word-of-mouth (WOM); “The word was spread by brand samplers who liked the brand, intended to buy it, and used it heavily” (Holmes & Lett, 1977:35). Product samples can lead to better profitability for a brand and produce an acceleration process towards and among other consumers. However, negative WOM can have a damaging effect on the brand’s image and this aspect is hard to maneuver for marketing managers. (Ibid.)

Consumers’ prior knowledge and experience of a specific brand or product is an aspect outside the marketing manager’s ratio, which affects the consumer’s evaluation, possible skepticism and reciprocity degree of a free product sample (Laochumnanvanit & Bednall, 2005). Since WOM can be both beneficial and provide a great risk for the company, the product samples need to fulfill the consumer’s expectations. The chance of an increased amount of positive WOM is
dependent on what characteristic a product sample actually fulfill from what has been promised (Mark & Kamins, 1988). Grönroos et al. (1998) discuss this integrated marketing communication triangle and highlight the importance of the ambition to follow the process further than just the planned message, i.e. sending out a product sample. The point is that marketers who follow the process and take unplanned messages (such as WOM) into account have a greater chance of achieving a more beneficial and truthful communication with the consumers (Ibid.).

2.3 The Challenge of Product Samples

Identified above, academic marketing researchers highlight different approaches of product sample promotion strategies, such as:

- Comparing traditional marketing to promotional activities (Low & Mohr, 2000)
- Enhancing the market segmentation (McGuinnes et al., 1992; Blattberg et al., 1978)
- Measuring brand image and attitudes (Holmes & Lett, 1977)
- Examining consumer behavior and learning (Laochumanvanit & Bednall, 2005; Heiman et al., 2001; Hoch & Deighton, 1989; Bettinger et al., 1979; Hamm et al., 1969)
- Looking at short- and long-terms effects (Bawa and Shoemaker, 2004; Heiman et al., 2001; Davies, 1992; Lammers, 1991)

Despite the broad research, it occurs to exist an absence of hands-on research of the marketing manager’s actions in the process of planning and implementing a successful long-term product sample strategy that creates long-term brand value. The figure below summarizes the literature review’s main points, visualized through our three-step product sample promotion strategy process that covers strategy preparation, implementation and follow-up. Davies’s (1992) six-step model is thereby revised into a logical framework to enhance the value creation of strategic product sample promotions (See figure 2.3).

**Figure 2.3** The 3-staged value-chain of product sample strategy, from a marketing managers perspective.
From the presented model and reasoning above, a hypothesis can be extracted to test a targeted product sample scenario. This is the foundation for the analysis of the empirical findings that challenges the presented literature. It also acts as a body during the empirical data collection to screen L’Oréal’s use of product samples and to make a critical analysis.

**Hypothesis:** *Marketing strategies with a targeted product sampling approach increase the chances of creating long-term brand value.*
3. Method

The opportunity to write this thesis appeared after one of the author’s internship at L’Oréal during the fall semester of 2011. After observing how companies in the beauty industry randomly distribute product sample promotions, it becomes clear that a gap exists between the strategy and the objected outcome. To gain deeper knowledge of this practical problem, a literature review was conducted within the field of study where this gap also existed. An outline from strategy formation to tactical practice was created and a hypothesis was derived and tested.

3.1 Choice of Method

This study is both explanatory and exploratory. It is explanatory as it explains the marketing manager’s potential to influence the consumer through product sample promotions. It will also be explained how to formulate a long-term strategy that brings out the positive effects of product samples. The study is also exploratory as the gap was explored in both theory and practice. Quantitative and qualitative data was gathered and compared to triangulate the research area. By conducting in-depth interviews we could reveal attitudes and thoughts about the subject, used to support our analysis argumentation. The findings are also strengthened by a survey made from a consumer perspective where consumer insights are gathered to capture an as thorough picture as possible in the analysis (Patel & Davidsson, 2003). Hence, a qualitative approach supported by quantitative data is taken in this study (Saunders et al., 2009). Davies’s (1992) six steps of “how to create a successful promotion strategy” are used as a foundation throughout the theoretical chapter, and as a framework during our data collection. The main argumentation in Davies’s (1992) article is similar to the reasoning in this thesis, but is now taken one step deeper with focus on only one promotion technique – product samples.

3.2 The Case Study

To provide a rich understanding of a real life context, we have conducted a case study. As stated above we triangulate our problem area by using several methods and perspectives (Bradley, 2010; Stake, 1995). The qualitative data was gathered through interviews with top and middle management. This choice was based on that top management set strategic direction, and middle management operationalizes this into specific actions (Bradley, 2010). To support the collected qualitative data we have also conducted a consumer directed quantitative survey based on Davies
(1992) signals of brand value. This was made to identify the effects from the top and middle management’s implementation of a targeted product sample promotion strategy and to identify patterns of improvements.

We are aware of criticism towards case studies where the validity has been questioned and the risk of biases occurring during the process through e.g. interviewing managers from one company. However, quoting Flyvbjerg (2006): “Good social science is problem driven and not methodology driven in the sense that it employs those methods that for a given problematic, best help answer the research questions at hand. More often than not, a combination of qualitative and quantitative methods will do the task best”. Being aware of the risks with the methodological choice could overcome negative aspects identified as criticism. This justifies our order of first identifying a practical problem area and subject and then test our hypothesis in a specific context, namely, L’Oréal. Bradley (2010) emphasizes that qualitative research is used to create an understanding for a concept. Quantitative research on the other hand is, according to Bradley (2010:264), highly important when doing a marketing research; “quantitative research goes beyond basic profile demographics; it gives accounts of usage and attitudes.” Flyvbjerg (2010) states that a case study needs both perspectives to capture the complexity behind a defined problem, which supports our choice of a methodological combination described below.

3.2.1 Qualitative Interviews

According to Holme & Solvang (1997) someone who possesses a lot of knowledge about a research field is likely to increase the richness of the data. We conducted four semi-structured interviews with managers from different divisions within L’Oréal to get a more generalized picture of their use of product samples. We also made an interview with CEO of GlossyBox. We saw that these five chosen managers could reflect on our chosen subject due to their professional work positions and experience within the beauty industry. Below, a table of the qualitative interviews is found.
Table 1. List of interviewees

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Purpose</th>
<th>Type of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>L’Oréal: Marketing manager 1 2012-03-19</td>
<td>To get rich knowledge about the use of different product sample strategies within the different divisions for the more exclusive brands at L’Oréal. Hence, explore how and why product samples are used.</td>
<td>In-depth semi-structured interview - face to face</td>
</tr>
<tr>
<td>L’Oréal: Product manager 1 2012-03-19</td>
<td>To get rich knowledge about the use of different product sample strategies within the different divisions for the more exclusive brands at L’Oréal. Hence, explore how and why product samples are used.</td>
<td>In-depth semi-structured interview - face to face</td>
</tr>
<tr>
<td>L’Oréal: Marketing manager 2 2012-03-21</td>
<td>To get rich knowledge about the use of different product sample strategies within the different divisions for the more exclusive brands at L’Oréal. Hence, explore how and why product samples are used.</td>
<td>In-depth semi-structured interview – face to face</td>
</tr>
<tr>
<td>L’Oréal: Marketing manager 3 2012-03-21</td>
<td>To get in-depth knowledge of the use of a targeted product sample strategy.</td>
<td>In-depth semi-structured interview – face to face</td>
</tr>
<tr>
<td>GlossyBox: CEO 2012-03-07</td>
<td>To get in-depth knowledge of the use of a targeted product sample strategy.</td>
<td>In-depth semi-structured interview – face to face</td>
</tr>
</tbody>
</table>

The reason for making four interviews at L’Oréal was to cover different luxurious and professional high-end brands and markets including; hair care, skin-care, cosmetics and fragrances. The collected answers were coherent, and executing more interviews would therefore not enrich the quality of the data. The interviews were conducted to explore how product samples are used, but also to examine what effects that could be and/or are measured from the different strategies. To reveal this, the interviews had two different purposes. The interviews with marketing managers at L’Oréal aimed to cover aspects of present product sample strategies, while the GlossyBox interview intended to provide a rich understanding of a targeted product sample strategy. We also aspired to understand the product sample’s influence on the bigger picture as a marketing tool in the process of creating a marketing strategy. Our aim was to expose the respondent’s objectives with using product samples and how to achieve prior set ambitions.

Two different semi-structured interview guides were created from the funnel in our theoretical outline, based on Davies’s (1992) already practiced tool (see Appendix 1 & Appendix 2). We provided a summary of the thesis’s purpose together with the interview guide a few days before each interview to make the interviewee prepared. Criticism towards this is that they could plan ahead what to say, but by using a semi-structured interview we could ask follow-up questions when we needed additional information. Another weakness of using semi-structured interviews is that they are hard to replicate, since the information may vary from one time to another (Saunders, 2009). This risk may threaten the thesis reliability, but as we aimed at researching a new quite unexplored marketing channel this circumstance was unavoidable.
Four out of five interviews were conducted face-to-face, and the last L’Oréal interview was made over phone due to geographical distance. We used an audio recorder to tape the respondents’ answers and transcribed the collected interview material to facilitate the analysis process. The material was analyzed together with our presented theoretical framework. The data was coded and compared to identify strategy patterns. In the analysis chapter we distinguish between two different interview objects: all the respondents from L’Oréal (L’Oréal, 2012) and GlossyBox (Hartwall, 2012). When we refer to the “respondents” it includes all, or the majority of them.

3.2.2 The Experiment – Quantitative Survey

Highly involved in L’Oréal’s business processes, we identified and proposed an opportunity to participate in a new marketing channel. This new channel via GlossyBox works with a targeted product samples strategy. The company launched their concept on the Swedish market in December 2011, in the planning process of this thesis. We identified GlossyBox as an opportunity to contribute to the development of L’Oréal’s use of targeted product samples. Therefore, we introduced the concept to one of L’Oréal’s professional brands. After receiving a thorough introduction of the concept, we indulged in the possibility of conducting an experiment. The first connection between L’Oréal and GlossyBox in Sweden was thereby made. Ultimately, it would be fair to argue that this channel would not have been used in this early stage without our involvement. A newly launched hair-care product from one of L’Oréal’s more exclusive brands was used to conduct the experiment and participate in GlossyBox.

To support our qualitative data that aim to propose a future strategic framework, we conducted a quantitative survey. We formulated questions by following Davies’s (1992) and Aaker’s (1996) definitions of brand value to make the result applicable to the thesis structure and objective (see Appendix 3). The experiment had a targeted product sample approach, where a market research of the respondent’s perceived value, brand awareness, brand association and brand loyalty as well as direct feedback on the specific product was done. Via GlossyBox, we could target a population of 3000 women living in Sweden, in the age of 18 – 65, with an interest for the beauty industry. 3000 questionnaires were sent out together with the products in the beauty box, and 1052 respondents answered the questionnaire, which gives us a response rate of 35%. This loss of participations is due to that the survey in GlossyBox was not mandatory for the subscribers. However, the result gave useful material for our analysis. The sample choice is reliable since the
respondents have signed up for the survey by themselves; they have an interest in beauty products and carry valuable knowledge. Our participation selection is by that credible and can overcome a common mistake of using a large sample population with no direct contact or knowledge to the field of study (Bradley, 2010:62). The large size of respondent and the fact that they are high spenders within this product category also makes the result more generalizable and useful for the marketing managers daily work with product samples (Bradley, 2010). The total number of respondent answering this question is 922, which is due to that the question was not mandatory.

Table 2. Survey respondents monthly spending within product category

The questionnaire was designed with the aim at clarifying what effects a direct product sample strategy have on the end-consumer and used to propose an improved strategy. The questions aimed at identifying signals such as effects and attitudes of brand value, as well as if these were changed towards the brand and the provided product sample. We thereby chose to have multiple-choice questions, scale questions, open questions and yes or no questions. “Good questionnaires use a variety of techniques to help answer the research question” (Bradley, 2010:196). The material collected through the survey contributed to our wider understanding and helped us to elaborate and answer our research question. The result of the survey supports the argumentation in our analysis and is thereby used to operationalize our hypothesis to what effects the marketing manager actually can influence with a targeted product sample strategy. We coded the answers and made cross analyses to structure our suggested framework. (Bradley, 2010:197) See Appendix 3 for the GlossyBox Survey, and Appendix 4 for an extract of the key findings.
3.3 Source criticism
Since we have conducted interviews with top/middle management from two companies, criticism can be directed towards the fact that both companies only want to share certain parts of knowledge. Hence, it is not completely transparent. Parts of the collected data are also excluded from the thesis, due to ethical concerns to protect the companies’ strategies from being copied by competitors (Bradley, 2010).
4. Analysis of Empirical Findings

This section follows the theoretical structure by dividing Davies’s (1992) six steps into our three-step model: strategy preparation, strategy implementation, and strategy follow-up. The quantitative results from the survey are used to support the argumentation of L’Oréal’s use of product samples and also to identify how L’Oréal can improve their strategic use of product sample promotions.

4.1 Strategy Preparation – In the Hands of the Marketing Manager

In the daily marketing operation at L’Oreal, the underlying foundation for every decision is based on the spirit of the marketing mix. However, the 4P’s are not clearly defined and outspoken but indirectly supports the marketing plan throughout the year. It is unavoidable, since it is somehow “the DNA of marketing” (L’Oréal, 2012). Although, the 4P’s are widely accepted within the marketing literature, the confusion and endless variation of interpretations are clearly visible in practice (Van Waterschoot & Van den Bulte, 1992). The brand strategy is the solid framework that ultimately opts the direction of the 4Ps at L’Oréal. For the more exclusive brands, the international marketing team provides guidelines for product, price and place. Hence, it needs to be adapted locally in Sweden due to the importance of strengthening the brand value. However, the promotion part is pinpointed as key at L’Oréal, to differentiate and position the brands in the consumers’ mind (L’Oréal, 2012). Marcus Hartwall, CEO and co-founder at GlossyBox Sweden, elaborates on the constantly growing amount of players and product launches within all segments of the beauty market; hair care, skin care, make-up and fragrances.

“I mean it’s a jungle and there is a lot of noise. It’s very difficult to break through that noise and to get consumers to change their buying habits” (Hartwall, 2012).

During the interviews at L’Oréal it became clear that product samples are not isolated as a tool, but rather used together with other promotion tools as a complement. Still, we found a lack of a comprehensive and distinct product sample strategy. Hartwall (2012) visualizes the traditional marketing funnel where most companies invest the majority of their marketing budget in TV, distribution, outdoor and print to build awareness and familiarity. The second biggest part of the budget goes to the purchase situation, where in-store material is developed to persuade the consumers to buy (see Appendix 5). All L’Oréal respondents strengthen this argumentation,
meaning that these steps have always been the traditional and most cost efficient ways for a brand on the Swedish market (L’Oréal, 2012). What are under-fed in these pure strategic actions is the consumer aspects, which Lauterborn et al. (1994) highlight as being neglected in the 4P’s, and are thereby an obstacle for a successful marketing mix. Communication therefore needs to be taken into account in the traditional marketing funnel. As Hartwall (2012) states, it is crucial to engage and seduce the consumer prior to the purchase decision. This reasoning also follows Van Waterschoot & Van den Bulte’s (1992) attempt to differentiate the basic and complementary part of the marketing mix, where product samples are used to produce additional value for the consumer prior to a purchase, and give the company a push forward long-term.

The under-fed stage of the marketing funnel, prior to the purchase decision, is where L’Oréal use product samples. The marketing managers’ support Hartwall’s (2012) estimation that 5-10% of the marketing budget is spent on this activity to increase the consumers’ purchase intention. The underlying essence for L’Oréal’s use of more exclusive brand’s product samples is to convey the added value for the consumer, compared to the mass-market’s products. The B2B2C process is thereby a significant part that differentiates and enhances their strategy. (L’Oréal, 2012). “For us it is super important to give them this opportunity to try, because we know that – when they try, they buy” (L’Oréal 4, 2012). The objective behind using product samples is to drive traffic back to the salons/department stores, to generate buying consumers. The chance of positive WOM increases the possibility to extend the target group. Summarizing the above objectives, they follow Davies (1992) signals of brand value; a good perceived quality, increased brand awareness, and to build brand loyalty. These also follow Aaker’s (1992) definition of measuring a long-term brand value in terms of a brand’s equity. Even though these are realistic intentions, L’Oréal’s vaguely defined product sample strategy can restrain the potential value creation.

To see if the experiment in GlossyBox could meet these objectives, some main results are extracted. The GlossyBox survey proved that 81% found brand X’s product quality as good or the best in its’ product category. The results strengthen L’Oréal’s expert touch that differentiates them from the mass-market, which are in line with their high technological and patented products. This could also be a result of at customized consumer solution generated through the B2B2C value chain. Further, out of the 220 persons that were not familiar with the brand, 92,7% would buy the product after receiving the product sample. Last, brand loyalty was hard to
measure since the cosmetic product samples have a delayed effect, and that they are distributed together with a purchase offer (Survey, 2012). These results show the impact GlossyBox can have as a value adding marketing tool for consumer insights, and that the generated benefits are in line with L’Oréal’s product sample objectives.

What is important when discussing product sample strategies is that there are three main types of product samples to work with at L’Oréal. The first one is demonstrations, used on the consumer in hair salons and beauty counters to build interest and get professional knowledge of how to use it. This is the B2B2C niche that the exclusive brands offer compared to mass-market brands. The second is a miniature of the full size product, internally referred to as travel-sizes or minis, with the possibility to try more than once and thereby create a need to buy the full-size product. The last type is a one-time sample, namely sachets, which is used to create brand awareness. (L’Oréal, 2012). These follow Davies (1992) strategic separation found in Figure 2.1. All respondents agree that the different product sample sizes fulfill diverse purposes, but the long-term strategy of them is up to each brand to define and execute (L’Oréal, 2012; Hartwall, 2012).

In the GlossyBox experiment, minis were used to not only create brand awareness, but also increase the time of interaction to generate consumer loyalty. This reasoning is supported by the feedback collected from the survey. A majority commented on the size and that larger product samples were desired to increase the trial period (Survey, 2012). However, the consequence of sampling larger products is the risk of cannibalization and to make the consumer spoiled. Depending on the product characteristics, e.g. for a fragrance, a sachet would fulfill the purpose, while hair- and skin care need more content to make justice for the product attributes. A strategic use of the different product sample types can increase the chance of positive effects on sales, such as acceleration and expansion identified in Bawa & Shoemaker’s (2004) ACE-model. The respondents at L’Oréal (2012) are unison that all product samples are highly important, but compared to other promotion tools, less time and strategic focus is being invested. To grasp the full potential of each product sample type, we argue that different strategies are needed to maximize the effects in terms of value creation and the minis were a good choice for the GlossyBox channel.
“...in theory, something that should be tremendously effective is not, but it could be...” (Hartwall, 2012).

During the past couple of years, the use of product samples has increased at L’Oréal. This has been tied to launches and campaigns to leverage on one another. However, a strategy of how to use product samples has not been fully explored, and yet not how to optimize the effects. (L’Oréal, 2012) It is clear from the interviews with L’Oréal that a trend of using product samples has evolved and become a more significant part of the promotion strategy. This could be seen from the more generous distribution of e.g. sachets. Consequently, the increased interest of using product samples as a promotion tool stress the need of a long-term strategy. Hartwall (2012) states that product samples must be used as a complementary tool together with advertising, to stand out from the large amount of products existing on the market and get the consumers’ attention. Depending on the mix of promotion tools, e.g. advertising followed by product sample distribution; the creation of brand value will differ. Mark & Kamins (1988) and Hoch & Deighton (1989) realizes that if the direct experience through product samples does not match the indirect advertising experience, a vicious circle will affect both the brand and the consumer. This order is always followed at L’Oréal, since product samples are never used isolated from other promotion tools (L’Oréal, 2012). Further, the experiment in GlossyBox showed that the expectations of the product were in line with what the brand have communicated through other promotion tools, e.g. high quality and professional products (see Appendix 4). The respondents got a variety of alternative associations to choose between, to sort out if the L’Oréal brand image were coherent with its prior defined brand profile. Drawn from the survey’s results, we see that L’Oréal’s previous advertising of brand X match the experience of the sampled product in the experiment. (Survey, 2012)

At L’Oréal, product samples are used in three main strategic contexts; during launches; to promote best sellers; and to boost seasonal products. The effects from the product sample promotion strategy are dependent on when in the product life cycle (PLC) it is used (McCarthy, 1960). As one of the marketing managers states: “We try to be selective because it is a big investment, and we can’t afford to have product samples for everything” (L’Oréal 1, 2012). L’Oréal’s intention is to work long-term with product samples, and not only as a one-time strategy. The long-term focus is vital and will most likely enhance the possibility of future purchase, increased brand awareness, and gained competitive advantage (Aaker, 1996; Davies,
This repetitive action will gain the product sample’s efficiency, and work as a reminder to stay top of mind. Hartwall (2012) adds that these three contexts in the PLC are the most profitable to work with in the GlossyBox. Hence, it is up to the marketing manager of how to use GlossyBox as a marketing channel, depending on the products characteristics and objected target group. A product launch was used in the experiment, but from a best-selling brand. This sampling channel was also complimented with the traditional use of sachets and demonstrations in store, executed during a longer period of time i.e. not only during the introductory phase. Drawn from the survey was an increased purchase intention, but these are not final consumer decisions. Even though these are hard to track, it still shows potential of cumulative brand awareness. (Survey, 2012)

L’Oréal has a variety of product ranges in their brand portfolio with different positions on the market (L’Oréal, 2012). Consequently, they have numerous of target groups to identify. The screening of the market to identify the different target groups is up to each brand to execute, for example through focus group interviews. However, on a wider perspective there is little time to indulge in this type of actions. So, even though L’Oréal has identified their specific target group, it is most often too complex and unrealistic to actually reach these persons logistically. This will also affect whom that actually buys the products in the end. The marketing manager for the brand used in our GlossyBox experiment stated after receiving the result:

“It is a luxurious way of receiving sample in a qualitative way, it is not just a random goodie bag on a random party where you are not really the target group. Because these persons who received the box are so into trying new products and it was really interesting to see, so... Samples are good!” (L’Oréal 1, 2012).

To work proactively and efficient with product samples, the target group must be defined to reach the most recipient consumers (Davies, 1992; Laochumnanvanit & Bednall, 2005). An important aspect highlighted by Hartwall (2012) is that via TV and advertising, the number of people reached is enormous, compared to product samples. Nevertheless, what differentiates the channels is that in the former method approximately 60% are outside the target group, but with the GlossyBox experiment close to 100% was within L’Oréal’s target group. This is supported by that the subscribers are high spenders within this particular product category (see Appendix 4), and are by that more deal prone (Blattberg, 1978; Amor & Guilbert, 2009). The majority of the survey respondents were in the age 14-34. The survey showed that the segment where the
purchase intention increased most was for the younger people. (Survey, 2012) This should be seen as positive since it increases the chance to form purchase behavior from an early stage in life. This can lead to brand loyalty by developing purchase patterns where competitors become insignificant to the consumer (Aaker, 1996; Heiman et al., 2001; Paul Peter & Olson, 2008). Here, we can see the problematic of L’Oréal’s current segmentation of a more random distribution, compared to a more targeted segmentation strategy that goes a step further to maximize the effect of the distributed product samples.

“Do people actually buy in the end? Well, they are only going to buy if you get the right product to the right person. If I’m sending the wrong products to the wrong people, they will never buy” (Hartwall, 2012).

It is clear that the more targeted the segmentation and distribution of product samples is, the greater chance of building brand value, in terms of perceived quality, brand awareness, and brand loyalty (Survey, 2012). Additionally, for the more exclusive brands an educated beauty advisor/hairdresser that distributes the samples in person will increase the chance of delivering the added value (McGuinnes et al. 1992). This was a crucial aspect derived from the interviews at L’Oréal, to maintain their professionalism gained through the B2B2C process that differentiates them from the mass-market. The GlossyBox experiment lifted this opportunity for L’Oréal to extend their target group; since the results showed that the overall superior grade was given from mass-market consumers, who are not yet buying the more professional and exclusive products (Survey, 2012). Also, the GlossyBox channel can increase the geographical ratio where it may be hard to reach smaller cities with larger promotional activities. However, there is a risk that the full-size product is not available everywhere in Sweden. What happens if no salon/beauty counter carries this specific brand? It is crucial for brands to follow this process, and interact to make sure that the strategy realizes its full potential. Otherwise, the consumer might end up buying a similar product than the one sampled, leading to loss in sales due to generalization mentioned by Lammers (1991).

4.2 Strategy Implementation – The Interactive Phase

After the strategy preparation comes strategy implementation, which is another crucial aspect of the product sample practice at L’Oréal. It is clear that the main objective behind product samples is to drive trial, increase brand awareness and attract new consumers to buy. Said with their own
words: “try and buy/.../and to push competitors away” (L’Oréal Interview 3, 2012). This follows McGuinnes et al. (1995) point of using product samples to engage with the consumers, without any obligation to buy. A method used by L’Oréal to attract new consumers is by expanding the target group, for example if the target group is middle-aged women and they aim to stretch for the younger segment. This is a typical situation where product samples together with other promotional activities do not only educate the consumers, but rather interact with them to turn prior knowledge and possible skepticism towards a positive brand experience (Hamm et al., 1969; Bettinger et al., 1979; Hoch & Deighton, 1989). This was also seen in the GlossyBox survey, where earlier skepticism towards the sampled brand got turned around into a positive experience. Many respondents visualized this in the open question and commented on a negative first impression or previous bad experience, but also how this turned into a positive surprise after trying the products more than once. The product sample thereby excelled their expectations during the longer interaction time (Survey, 2012).

“What we have now, that we did not have five years ago, is all the bloggers and social media activity around the products. It has become a big marketing channel and the power of social media is strong” (L’Oréal Interview 3, 2012)

The quote above is something that all L’Oréal respondents agree upon. It has opened up new opportunities to interact with the consumers. Since social media is a relatively new marketing phenomenon, it has not yet been fully explored by L’Oréal. However, the Facebook page channel is in an initial stage for each brand, and the potential to use product samples via this medium are still quite unexplored. What L’Oréal is good at is to involve and send launched products and seasonal best-sellers to PR, which most often give instant result on blogs and in magazines. (L’Oréal Interviews, 2012)

When the beauty boxes from GlossyBox reached the consumers, a direct effect could be seen on blogs of all sizes, as well as video blogs. The subscribers used this channel to demonstrate and share the product samples in the box. For the brands at L’Oréal, this can be viewed as a free and objective marketing channel, where the naked truth about the products is expressed. Bearing in mind, these can be both positive and negative messages, and the brands should thereby track this to interactively transform this to a benefit. Hartwall (2012) described a situation where they
found a disappointed subscriber online, and via interaction transformed her into one of GlossyBox’s biggest ambassadors.

A new way to interact and gain consumer insights through product samples is to distribute them before a launch to pre-test the product on the market. According to Hartwall (2012) this method is through GlossyBox unexplored on the Swedish market. In other countries it acts as a successful method to gain consumer insights with the possibility to improve the final promotion strategy before the actual launch. L’Oréal is interested in trying this strategy, but has not found the right channel or method to implement it through. Often, the above activity is made internally without the aimed external insight (L’Oréal, 2012). However, using product samples for pre-testing is something that Davies (1992) pinpoints as a crucial activity.

Another way to revolutionize the product-sampling model, and possibly pre-test product samples, is through GlossyBox as with our experiment. Hartwall (2012) quotes that he wants “.../GlossyBox to be viewed as an independent credible advisor to reach the end consumers in Sweden”. To make this work, it is of utmost importance that the samples are relevant, and again to reach the right persons (Ibid.). Since L’Oréal receive many requests from a variety of companies and institutions, they have to be selective in where they are seen, and thereby associated with. For instance, a car fair might not be the right environment to distribute product samples of make-up (L’Oréal interviews, 2012). The objective of the promotion must match the context to generate preferable effects. The added value by using GlossyBox is the increased possibility of interaction and engagement, where the tailored survey summarizes valuable information that can be used to further improve the product sample strategy.

“The data that we aggregate, what consumers like/dislike is quite unique and the value of that data is huge//...//at some point we will have the possibility to become some kind of marketing base, think tank, like a McKinsey of the beauty industry, consulting brands, because that data is the value of our company” (Hartwall, 2012).

Amor & Guilbert’s (2009) study showed that 72% actually try cosmetic product samples, and this strengthen the importance of a long-term product sample strategy, which L’Oréal is aware of but has not yet taken full advantage of. All L’Oréal respondents agreed that this is essential, but it still has to be a supportive function to the larger promotion mix. The random distribution of product samples, that has been the reality until now, has led to product sampling dumping where
the consumers get spoiled and more or less expect to receive products. “What happens after that you don’t really know, it’s a black hole” (Hartwall, 2012). This demand of product samples increase the risk of promotion overkill, mentioned by Low & Mohr (2000), where the market get saturated and decrease actual purchase of the full-size product, e.g. product cannibalization and a weak ROI for the brands (L’Oréal, 2012). This is also a risk that can come with the GlossyBox channel. Since the subscribers receive full-size products of some products, a disappointment is visible when “only” minis are used (Survey, 2012). Another risk is that the subscribers need to buy full-size products get saturated, since they receive five new products each month. This lack of control where the marketing managers loose the ability to measure the effects after distributing product samples is a challenge.

### 4.3. Strategy Follow-up – In the Hands of the Consumer

To achieve or maintain competitive advantage it is vital to track and monitor the consumers’ product sample experiences and the creation of brand reputation. Davies (1992) lifts this as the last step in a successful promotion strategy, referred to as strategy follow-up. Today, the only effect that can be measured and analyzed at L’Oréal is the short-term sales figures, and even these are hard to derive to the effects from product samples. However, as Ailloni-Charas (1984) state, the effect of cosmetic product samples are quite complex to measure, since the effect most often is delayed. The GlossyBox experiment enabled us to collect information of perceived quality, brand awareness, brand associations, and purchase intentions from the consumers. This can act as a compliment to the sales figures and thereby open up the possibility to create a proactive long-term product sample strategy, avoiding negative effects such as cannibalization and enhancing positive effects as expansion and acceleration (Bawa & Shoemaker, 2004). Another effect that needs to be taken into consideration is generalization (Lammers, 1991). This is unavoidable for exclusive beauty products since similar and cheaper product alternatives are available on beauty market, again stressing the threat of the blurred border between exclusive and mass-market products. The point of a long-term strategy that not only increase short-term sales but focus more on a long-term value added goodwill formation mentioned by Heiman et al. (2001) is what L’Oréal need. The result from the GlossyBox survey may not be generalized since this was the second box to be sent out. There is a risk that this promising concept may decrease in
popularity and thereby also the quality of the provided surveys. This could generate misleading results, and the marketing manager should stay critical towards the data.

We found that consumers’ satisfaction has been difficult for L’Oréal to measure, and value creation is highly dependent on a well-planned and executed strategy preparation and implementation. The result from the L’Oréal interviews is pointing in the same direction; more consumer insights is crucial for the brands to meet market demands, and especially regarding long-term values as improved product quality (L’Oréal, 2012). What we have identified through the GlossyBox experiment is that product samples is a prospering tool that can generate feedback about the direct experience of the product, compared to using indirect promotion as TV and print. This knowledge can lead to a stronger ROI. However, it is important that the promotion tools leverage on each other and that the product sample fulfill the advertising message (Mark & Kamins, 2005). This is thereby a critical phase and a challenge for L’Oréal to improve.

“It would be very handy for us when we know what works and what does not, if it is better to focus on this or that product, since it is rather expensive with product samples.” (L’Oréal Interview 2, 2012)

Going back to the marketing funnel discussed by Hartwall (2012), he also lifts a last step where companies rarely invest in, namely following the consumers’ WOM spread after trying the product (see appendix 5). At L’Oréal this is mentioned as one of the objectives and also as an incentive behind using product samples, to make the consumers talk about the products to friends and family and to get the WOM process started (L’Oréal, 2012). WOM can be both negative and positive, and tracking consumer behavior and motives could increase the chance of turning negative experience into positive (Holmes & Lett, 1977; Laochumnanvanit & Bednall, 2005; Davies, 1992). This is a complex and time-consuming step, which most likely is why L’Oreal have not fully taken advantage of it. Today, search engines as Google Alerts are used to follow the online word, but time constraints limits the wider potential (L’Oréal, 2012). Consequently, a great risk of missing unpleased consumers, spreading negative WOM can generate a bad reputation. However, the use of social media and online bloggers has increased the information transparency and thereby made the WOM more accessible for the brands. It is also possible to follow WOM on an individual level, which also brings the brand closer to the consumer.
“I mean you have to go that extra mile, you read about it in blogs and so on, so you have to be everywhere. We have to interact all the time and everywhere with the consumers” (Hartwall, 2012).

This is clearly an area that can be improved at L’Oréal, which became obvious after the GlossyBox experiment. As Hartwall (2012) stated “That is the value that we add. We even break it down about the product...//...//I mean there are so many insights”. The insight gained from the GlossyBox experiment is information that L’Oréal does not have access or time to collect internally. Using GlossyBox as a targeted product sample medium is thereby a cost-effective and exhaustive way of gaining consumer insights and feedback. Davies (1992) justifies this importance and mean that it builds market intelligence, and what you do this year are the foundation for next year’s promotions.

On top of the approximately 600 unique comments about the products from our GlossyBox survey, both positive and negative, there are close to the same amount of bloggers that mentions and reviews the product experience online. The GlossyBox experiment further enabled L’Oréal to communicate with the subscribers via their blogs. This information is valuable to take unplanned messages into account, as Grönroos (1998) lift as crucial for an integrated marketing communication. This will increase the likelihood of generating a more truthful and beneficial communication between L’Oréal and their consumers.

This experiential tactic, when using the product samples together with the promising GlossyBox concept, can also be seen as a strategy that leverages L’Oréal’s overall amount of WOM. As one of the marketing managers at L’Oréal stated “if you get a recommendation from a person you know, you are 90% more likely to follow that advice” (L’Oréal 4, 2012). Ultimately, the result from GlossyBox experiment adds a new perspective of how L’Oréal can create value throughout the whole marketing channel, especially by generating information not available before.
5. Discussion

Product sample dumping is a challenge on the Swedish beauty market that leads to weak ROI. To deal with this unexploited and growing cost, our aim was to provide a framework to sort out what actions a marketing manager should take to fulfill the prior set ambition behind the use of product samples – from strategy formation to tactical practice. The research question to be answered is:

- **How can a company within the beauty industry work strategically with product sample promotions to create long-term brand value?**

When looking at the three steps *strategy preparation, strategy implementation, and strategy follow-up*, a lack of a coherent strategy throughout all leads has become evident. Three main challenge areas can be derived from the market, clearly visible in L’Oréal’s current practice of product sample distribution:

- **The vague differentiation** of more exclusive products samples towards mass-market’s products samples, decrease the chances of convincing the consumers to pay extra for the added value, which is a result of the less controllable B2B2C process

- **The challenge of product sample dumping**, not maximizing the possible efficiency by using a slightly targeted distribution strategy, but not targeted enough generates a weak ROI

- **No long-term measurements and effects** are derived from the product samples, which makes them hard to track and use as market intelligence for future actions

Another all-embracing problem is the scarcity of time. The preparation, implementation, and follow-up is not only time consuming, product samples are also a relatively small part of the total promotion budget. These challenges lead to an under-invested stage of the marketing funnel that could be impressively time- and cost effective. The necessity identified at L’Oréal is to generate; the greatest possible effects - from as little time and cost as possible. To achieve this there are a few aspects that can be improved at L’Oréal. First, to use product samples strategically and increase its efficiency it is vital to let the market force of social media and especially consumer WOM increase the visible effects. Further, to measure the product sample performance in both financial and from a brand’s equity perspective. To create the best possible foundation, product samples should continue acting as a complement to the larger promotion strategy, but different
strategies for the different product sample types: *demonstrations, minis/travel-sizes*, and *sachets* are needed. The individual strategy for each of these fulfill a specific purpose, but together they form a united front, which can maximize product samples total effect in terms of brand value creation. It is thereby important to work with a “traditional” product sample distribution via the intermediary channels but also use complementary strategies B2C to collect valuable insights.

**Demonstrations** are a golden opportunity for L’Oréal to stand out from mass-market products, and deliver added value in person. This personal interaction is dependent on a well-educated hairdresser/beauty advisor who posits the power to change prior possible skepticism towards the more exclusive and expensive products. Also, interacting with the consumer by describing benefits, and not only educating e.g. selling the product, increases the chance of building brand loyalty. It could also generate long-term values for L’Oréal to track if feedback from these sessions were documented at the hair salons/beauty counters.

**Minis/travel-sizes** are valuable since the consumer can use them several times, and can thereby increase the chance of a positive perceived quality leading to purchase intentions. This product sample type can constitute great monetary loss if distributed wrong, but when reaching the most recipient target group, it will most likely generate a beneficial WOM. In addition it could also produce advantage in terms of brand value, which lifts the urgent need of a more strategic use. These should therefore mainly be distributed to a targeted group of recipient consumers, rather than as a tool to extend the target group.

**Sachets** are the last product sample type, which also holds the least content, and is a typical tool to increase brand awareness. Since they cost less for L’Oréal, they are beneficial to expand the target group. However, when creating brand value, the sachets are the least prominent product samples since the Swedish consumers are getting spoiled and expect to get more than a one-time tester. The sachets’ effect, in combination with other promotional tools as via the intermediary channel, should however not be neglected.

So, what does this mean? To build a thorough product sample strategy, L’Oréal needs to manage these three product sample types as separate, and plan the implementation in line with the brand strategy. As we see it, L’Oréal posits the right tools, what they need is a more systematic plan on how to execute them in practice. What needs to be fulfilled is a more targeted distribution to the
most recipient target group, which GlossyBox has proven to be a promising marketing channel for. What is new in this process is the two-way communication, which has been absent in the strategy until now. This is also a prominent way of collecting long-term effects and consumer insights that can be used to continuously adapt the product sample strategy in line with the market demands. The systematic plan of using minis in GlossyBox should complement L’Oréal’s overall product sample strategy of demonstrations and sachets, which traditionally are distributed via their hairdressers/beauty advisors and in magazines. Even though this is a less targeted strategy it still creates value. Below, we have visualized how these two strategies complement each other.

![Diagram of product sample distribution and feedback]

- The random sampling strategy process – one way communication with the consumer
- The targeted sampling strategy process (GLOSSYBOX) – two way communication with the consumer
6. Conclusion

GlossyBox has proven to be a marketing channel that fills the gap in the larger promotion strategy, prior to and after the purchase situation. It can generate many benefits, such as an improved screening of the target group to increase the seduction effect, and for a better follow-up on long-term brand values. All these aspects have been limited until now, for L’Oréal. Our hypothesis: “Marketing strategies with a targeted product sample approach increase the chances of creating long-term brand value” can thereby be accepted. The insights gained via GlossyBox are valuable for a more strategic and efficient use of product samples, which can generate long-term measurements of brand awareness, brand loyalty and likely purchase intentions. However, this strategy does not work isolated as the only product sample strategy. It is rather a complement to other more traditional B2B2C product samples strategies via the hairdresser/beauty advisor or together with B2C advertising in magazines. By following the framework below as a checklist, and considering each aspect throughout the whole process, L’Oréal have the opportunity to execute a more thorough and effective product sample strategy leading to a stronger ROI – and less product sample dumping. This needs to be made for all three product samples types; demonstrations, minis and sachets since they generate different types of effects in terms of brand awareness, brand associations, perceived quality, and brand loyalty.

![Strategy Framework]

However, it is essential to follow each brand’s strategy and use the product samples as an extended arm. Where and to whom the product samples are distributed will affect the outcome and consequently the efficiency of the strategy, e.g. brand value creation. GlossyBox is an option to include in the marketing plan, and use a few times per year for key products. A significant aspect to keep in mind is to be inspired and learn from the good parts of this model, and to use the collected feedback on what aspects that create long-term brand value. This will gain future strategic actions, and most likely result in a virtuous circle. As Davies (1992) states: “This years
promotions is key in next year’s marketing plan”. With other word – this strategic framework will contribute to the potential long-term value creation of strategic product samples promotion. It is as sample as that!

6.1 Limitations and future research

We distinguished the challenge of product sample dumping and limited the research to L’Oréal and the Swedish beauty market of more exclusive brands. GlossyBox’s CEO emphasized this as common practice, which strengthen our problem area. A case study was conducted, however the findings may be generalized within the Swedish beauty market due to L’Oréal’s market positioning.

To achieve a beneficial ROI from product samples, we find it interesting to indulge in the process from two other perspectives: the consumer and the intermediary channel (hair salons and beauty departments). First, following one specific brand’s product sample strategy, and execute qualitative focus groups to reveal consumer insights. This could indicate decisive factors from purchase intentions to actual point of purchase. Second, an experiment where observations of the intermediary channel, tracks returning consumers due to distributed product samples to gain motivation and follow up could generate interesting and valuable insights.

6.2 Acknowledgements

After spending a great amount of time investigating the phenomenon of product samples promotions, one realizes that a well-executed strategy is key. We feel that Beckman & Davidson’s (1967:467) quote “The best salesman for the product is the product itself” summarizes the potential of product sample promotions. First, we would like to thank the four marketing managers at L’Oréal and Marcus Hartwall, CEO of GlossyBox. Their participation and insightful comments made it possible to write this thesis. We are also thankful for all the respondents who participated in our survey. Further, we would like to thank our families and friends, our thesis advisor and the thesis committee members for guidance and inspiration.
References

**Articles**


**Books**


**Online sources**

GlossyBox Sweden Homepage. Read: 2012-02-25, retrieved at: http://www.glossybox.se/


Rocket Internet GmbH. Read: 2012-03-16, retrieved at: http://www.rocketinternet.de/GlossyBox.de/?lang=en

**Other Sources**

GlossyBox internal documents

L’Oréal internal documents
Appendix 1. INTERVIEW L’Oréal

Interview Guide

Research objectives: To explore how the marketing managers works with their promotion strategy and if there can be any improvements in the product sample strategy.

Research method: Qualitative method. Semi-structured interviews with marketing managers at L’Oréal Sweden.

Research aims: To examine what promotion sample techniques are used and what effects that are measured from them and how.

Introductory Questions

- What is your name and position?
- What is your primary work (and how long have you been working for L’Oréal)?
- What is L’Oréal’s mission?
- How do you work with the marketing mix? (4P – product, price, place, promotion)
- How big part of your promotion budget goes to product samples, relative to other promotion tools?

Strategy Preparation

- How do you work with product samples today?
- How has the strategy for product samples changed during the past years?
- Have there been any trends? (In stores, blogs, events etc.? / Increased or decreased interest?)
- In what context do you usually use product samples?
  - During launches?
  - In a mature stage of the product?
- Have you any planned long-term product sample strategies in your marketing plan?
- How much do you focus on random vs. direct product samples?
- How important do you think it is to segment your target group? How do you do this? Why?
Strategy Implementation

- What is your main objective with your sampling strategy?
- How do you, by using product samples, interact with your target group?
- Can you see any change in the consumer’s attitude towards your brand after handing out product samples?
- What change in attitude would you like to realize?

Strategy Follow-up

- What are your main intentions of giving out samples?
- What effects can you see after giving out product samples?
- What effects can you measure after giving out samples?
  - How fast can you usually measure the effects?
  - Brand awareness – How do you measure it?
  - Brand Perception – How do you measure it?
  - Other?
- What effects do you wish that you could measure?
- How do you follow up the shown effects after giving out product samples?
- Depending on the strategy, do you see different effects? (Positive/Negative)

Last Question(s)

- What would you like to improve in your sampling strategy if possible?
Appendix 2. INTERVIEW GlossyBox

Interview Guide

Research objectives: To explore what GlossyBox strategy is founded on, what makes it unique, and what they can offer to companies as L’Oréal.

Research method: Qualitative method. Semi-structured interview with the CEO and co-founder of GlossyBox Sweden, Marcus Hartwall.

Research aims: To examine a new type of targeted product sample techniques, and to dispute on why and how this method is better than a traditional random product sample strategy.

Introductory Questions

- What is your name and position?
- What is your primary work?

GlossyBox – The Concept

- What is GlossyBox?
- What is the main idea behind the concept?
- Why are product samples interesting to work with, compared to other marketing tools?
- GlossyBox is not the only or first “sample box”, why do you think that this concept has exploded now?
- How has the use of product samples changed during the years? Why?

Strategy Preparation

- What is your opinion of the interrelation between the use of traditional advertising and the use of product samples?
- What are the benefits from a direct product sample strategy compared to a traditional sample strategy?
- When in the products life cycle should product samples be used, and why?
- GlossyBox works with market segmentation, why is this important and what effect does it bring?
What differences can you see when comparing the Swedish product sample market to other markets around the world?

**Strategy Implementation**

- How do GlossyBox work with product samples?
- What is the main objective behind GlossyBox?
- How do you choose what brands to work with?
- The interaction with the consumer is an important aspect for marketers today, how does GlossyBox involve their subscribers in the product sample process?
- How does the statistics of your subscribers look? Is it mostly per month or do most of them sign up for a running subscription?

**Strategy Follow-up**

- What effects have you seen on your subscribers’ attitudes?
- What effect have you seen on the overall cosmetic market?
  - What effects can you measure after giving out samples? (i.e. Brand awareness & Brand Perception – How do you measure it?)
  - What answer frequency are you aiming at?
- How do you follow up the shown effects after giving out samples?
- Have you seen any negative effects from the use of product samples through GlossyBox?
- If you find any negative effects, how do you encounter them?

**Last Question(s)**

- Have you ever bought any product that you have received in GlossyBox?
- How can you (GlossyBox) use your product/service as a sample? In what context?
- What do you, as the CEO for GlossyBox Sweden, want to contribute with to the market?
Appendix 3. SURVEY GlossyBox

Product X: Shampoo & Conditioner
1 Measurement Of Awareness

(1) Kände du till X innan du fick produkten i GlossyBoxen?
   ○ Ja
   ○ Nej

(2) Har du tidigare använt produkter från X?
   ○ Ja
   ○ Nej

2 Measurement Of Attitude

(3) Färgar du ditt hår?
   ○ Ja
   ○ Nej

(4) Om ja, var då?
   ○ Salong
   ○ Hemma
   ○ Båda

(5) Vilken schampo/balsam använde du innan du fick X i GlossyBoxen?
Schampo: ..............................................................
Balsam: ..............................................................

(6) Vad vid produkten gillar du mest?
   ○ Det friska, näringsgivande resultatet
   ○ Glansresultatet
   ○ Doftan
   ○ Förpackningen

(7) Känner du för att köpa X nu efter att ha testat den?
   ○ Jag kommer definitivt att köpa den
   ○ Jag kommer förmodligen att köpa den
   ○ Jag kommer kanske att köpa den
   ○ Jag kommer troligtvis inte att köpa den
   ○ Jag kommer inte att köpa den
7. A Vad är det som gör att du tvekar eller inte vill köpa X?
   - X passade inte mina behov – Varför inte?
   - Den är för dyr
   - Jag föredrar mitt nuvarande schampo/balsam
   - Annat

7. B Känner du för att rekommendera X till vänner och familj efter att ha testat den?
   - Jag kommer definitivt att rekommendera den
   - Jag kommer kanske rekommendera den
   - Jag kommer inte att rekommendera den
   - Annat

3 Measurement Of Perception

(8) Hur skulle du ranka X Schampo i jämförelse med ditt nuvarande schampo?

<table>
<thead>
<tr>
<th></th>
<th>Bland de bästa i sin kategori</th>
<th>Bra</th>
<th>Genomsnittlig</th>
<th>Under genomsnitt</th>
<th>Inte bra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kvalitet</td>
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<td>Helhetsintryck</td>
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<td></td>
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<td>Annonsering</td>
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<tr>
<td>Förpackning</td>
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<tr>
<td>Design</td>
<td></td>
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</tbody>
</table>
(9) Hur skulle du ranka X Balsam i jämförelse med ditt nuvarande balsam?

<table>
<thead>
<tr>
<th></th>
<th>Bland de bästa i sin kategori</th>
<th>Bra</th>
<th>Genomsnittlig</th>
<th>Under genomsnitt</th>
<th>Inte bra</th>
</tr>
</thead>
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<tr>
<td>Kvalitet</td>
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</tr>
<tr>
<td>Helhetsintryck</td>
<td></td>
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</tr>
<tr>
<td>Annonsering</td>
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<tr>
<td>Förpackning</td>
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<tr>
<td>Design</td>
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</tbody>
</table>

(10) Vilka av följande egenskaper associerar du med märket X?
- Trendigt
- Naturligt
- Hög kvalitet
- Härlig doft
- Professionellt
- Fina förpackningar
- Annat...

4 Demographics - Consumer Profiling

(11) Vänligen ange din åldersgrupp:
- 14-18
- 18-24
- 25-29
- 30-34
- 35-44
- 45-54
- 55-64
- >65
(12) Hur mycket spenderar du vanligtvis på hårprodukter och behandling (frisör, färgning osv.) per månad?

- >500 SEK
- 500-1 000 SEK
- 1 000-1 500 SEK
- 1 500 SEK <
Appendix 4. KEY FINDINGS of GlossyBox Survey

How old are you?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-24 år</td>
<td>368</td>
</tr>
<tr>
<td>25-34 år</td>
<td>375</td>
</tr>
<tr>
<td>35-44 år</td>
<td>223</td>
</tr>
<tr>
<td>45-54 år</td>
<td>76</td>
</tr>
<tr>
<td>55-64 år</td>
<td>7</td>
</tr>
<tr>
<td>&gt;65 år</td>
<td>1</td>
</tr>
</tbody>
</table>

Were you familiar with brand X before you received the products in your GlossyBox?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-18 years</td>
<td>582</td>
<td>417</td>
</tr>
<tr>
<td>19-24 years</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>25-29 years</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>30-34 years</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>35-44 years</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>45-54 years</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>46-64 years</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>&gt;65 years</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Have you ever tried products from brand X?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-18 years</td>
<td>582</td>
<td>417</td>
</tr>
<tr>
<td>19-24 years</td>
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<td>25-29 years</td>
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<tr>
<td>30-34 years</td>
<td>37%</td>
<td>63%</td>
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<td>35-44 years</td>
<td>44%</td>
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<td>45-54 years</td>
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<td>49%</td>
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<tr>
<td>46-64 years</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>&gt;65 years</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Where do you buy this type of product?

- Online: 54.7% (83.2% are familiar with brand X)
- Department store: 39.3% (78.6% are familiar with brand X)
- Mass-market: 28% (74.6% are familiar with brand X)
- Hairdresser: 60.3% (80.9% are familiar with brand X)

How much money, on average, do you spend on this type of product per month?

- 50 kr: 30
- 100 kr: 41
- 150 kr: 134
- 200 kr: 227
- 250 kr: 22
- 300 kr: 180
- 350 kr: 6
- 400 kr: 56
- 500 kr: 162
- 600 kr: 8
- 700 kr: 10
- 800 kr: 8
- 1000 kr: 27
- 1500 kr: 6
- 2000 kr: 5

What is your perception of the product from brand X?
Would you buy/recommend the product from brand X after trying it?

<table>
<thead>
<tr>
<th></th>
<th>Among the best in category</th>
<th>Good</th>
<th>Average</th>
<th>Below average</th>
<th>Not good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>109</td>
<td>428</td>
<td>381</td>
<td>94</td>
<td>25</td>
</tr>
<tr>
<td>Packaging</td>
<td>103</td>
<td>457</td>
<td>377</td>
<td>85</td>
<td>21</td>
</tr>
<tr>
<td>Advertising</td>
<td>73</td>
<td>408</td>
<td>472</td>
<td>64</td>
<td>27</td>
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<tr>
<td>Overall impression</td>
<td>196</td>
<td>634</td>
<td>181</td>
<td>264</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>280</td>
<td>577</td>
<td>163</td>
<td>189</td>
<td></td>
</tr>
</tbody>
</table>

If no, why?

- It did not match my needs: 16.7%
- It is too expensive: 14.7%
- I prefer the brand I use now: 54.2%
- Other: 14%

What do you associate brand X with?

- High quality: 655
- Professional products: 565
- Sensorial experience: 532
- Nice packaging: 94
- Other: 59

Natural: 262
Trendy: 128
Appendix 5. THE MARKETING FUNNEL

<table>
<thead>
<tr>
<th>Funnel stage</th>
<th>Awareness</th>
<th>Familiarity</th>
<th>Consideration</th>
<th>Purchase</th>
<th>Peer-to-peer advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities most often used</td>
<td>TV, distribution, outdoor, print, online search / banners / video</td>
<td>?</td>
<td>Price-offs, displays, promotions</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td>Typical share of budgets</td>
<td>50-70%</td>
<td>5-15%</td>
<td>20-40%</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Objective of activity</td>
<td>Make aware, inform</td>
<td>Engage, seduce</td>
<td>Persuade to try/buy</td>
<td>Spread affinity</td>
<td></td>
</tr>
</tbody>
</table>

GlossyBox strengths
GlossyBox strong where brands often underinvest