

Advantages research paper

[Business](#), [Company](#)



\n[toc title="Table of Contents"]\n

\n \t

1. [Test Marketing: Advantages and Disadvantages](#) \n \t
2. [Disadvantages](#) \n \t
3. [References](#) \n

\n[/toc]\n \n

Test Marketing: Advantages and Disadvantages

Test marketing is a useful tool that is employed when a company or business seeks to launch a new product and/or service. The company would employ this technique in order to get a sample markets' response to their product, an indication of how their product will be accepted in the general market. This technique is known to have advantages, but it is also riddled with numerous disadvantages that make it a risky technique to employ.

- Viability of product or service

The primary advantage for use of test marketing is to gauge the viability of the particular product or service in question. When a product or service gets a general positive feedback from a large population of the sample test market, then the product is considered viable and it is cleared to advance to the next stages.

- Adjustments to the product

A product or service may be viable, however, the company would seek to make its product as competitive as possible. Through open ended test market customer feedback, a company is able to find out the weaknesses in their product that they can tweak or change in order to gain the competitive

edge that they so desire. A good example would be a high end motor vehicle company like Lamborghini. Before they launch any new automobile, they avail the car for testing by top notch drivers who grade and rate different components and aspects of the car. This method is crucial for a refined product. Apart from editing certain features to a product, this can also be used to either add features that clients would like to see in the product or delete certain features that the clients would find displeasing.

- Scope of market for the product or service

A test marketing procedure would help the marketing team know the kind of market that the product is suitable for. Aspects such as the target market are crucial for the commercial success of any product. Test market reviews reveal which segment of the market best receives and readily accepts the product and hence, marketing strategies can be employed to completely maximize on that segment of the market.

Disadvantages

- Trade Secrets

A market wide test marketing exercise makes the new product available to the general market, including the competitors. At this stage of the process, the product has not yet been copyrighted or patented. This makes the product vulnerable to theft by competitors. It gives competitors to sample your new product, conduct research on it and find ways to counter the entry of the new product in the market. The competitors could either change their prices, or develop a similar or better product to the one the company seeks to launch and if the competition has a quicker product development lifecycle, then your product would appear to be copied or stolen.

- Inconclusive results

The test marketing procedure is almost always done within a particular geographical area, i. e. small-scale, should the company wish to keep their new product secret from competitors. This produces another complex aspect of unreliability of the results. This is because certain consumers in a given geographical area are loyal to certain brands. Also, during the test marketing procedure, the product is almost always free. It is difficult to judge whether a given customer took part in the process just to get the free product and was not really interested in giving feedback. Hence results cannot be deemed as conclusive.

- Costs

The costs of conducting a test market survey may vary from one product to another, but still the costs are very high. The cost of hiring specialized personnel for the procedure is high. Furthermore, all of the products to be tested, depending on the product or service, are given for free. That means the company is giving away merchandise with no income. Top of Form

References

Beri, G. C. (2008). Marketing Research. New Delhi: Tata McGraw-Hill.

Hisrich, R. D. (2000). Marketing. Hauppauge: Barron's.

Lamb, C. W., Hair, J. F., & McDaniel, C. D. (2012). Essentials of Marketing. Mason: South-Western Cengage Learning.

McDaniel, C. D., & Gates, R. H. (1998). Marketing Research Essentials. Cincinnati: South-Western College Pub.

Pride, W. M., & Ferrell, O. C. (2012). Marketing. Mason: South-Western Cengage Learning.

Sandhusen, R. (2000). Marketing. Hauppauge: Barron's.

Bottom of Form

Bottom of Form

Bottom of Form

Bottom of Form

Bottom of Form

Bottom of Form