Design a Marketing Experiment Sample Report

Introduction

This report aims to design a marketing experiment for flavored iced tea drinks by Arizona Beverage Company. The campaign is a billboard advertising campaign highlighting the reduction in calories per drink. With the growing health consciousness among the audience, the calorie intake is increasingly becoming an important consideration. The experiment will be a before –after design experiment. Not going for full factorial, as it will be difficult to quantify impact if several parameters are simultaneously changed.

Experiment Design

In this experiment, the independent variable is increased advertising in the form of billboard advertising campaign. The dependent variable observed here is sales.

The experiment will be run in Columbus, Ohio. The control market observed will be Indianapolis, Indiana. The test and control markets are so chosen that they resemble closely in terms of population demographics and other city attributes. Columbus and Indianapolis are similarly sized cities with a population of around 800,000.

Since the entire cities will be exposed to the experiment, the sample size would be big enough to be statistically significant.

Since it is a before-after design experiment, sales will be recorded for both control and test markets for a 3 month average from March-May. The experiment will be run for the next three months from June to August. The change in sales during the experiment will be then used to calculate the lift in sales.

The experiment certainly adheres to the first three rules of causality. However, the experiment has no control over the fourth rule, which deals with the presence of external factor. Prima facie, there appears to be no external factor impacting the experiment, however there might be competitive response that shall be accounted for.

Anticipated Issues

Both the before and during experiment results are collected during the summer months from March to August. If the field implementation is executed anywhere between September to February, the winter months might see the dampening in the impact due to the seasonality involved.

Any other external factor during implementation such as a new competitor entering the market or decrease in prices from competitors could adversely affect the field results.

The above mentioned issues might have an adverse impact on the sales, however, the experiment will still demonstrate the impact of billboard advertising on sales. The seasonality and external factors notwithstanding, the experiment will provide a fair guideline on whether to go ahead with the nationwide marketing campaign. The lift in sales would also provide a concrete idea on the appropriate amount of spending on the campaign.

Experiment 2.0

Another version of the experiment can be through paid web advertising. Web advertising provides much better control on the target audience, test markets and analytics. Hence, it can be a full factorial design with the independent variables as both price and advertising theme.

This will also yield more informative results as

- It demonstrates the impact of more than one independent variable
- The web analytics gives far more insights on the buying preferences of the audience

This version of experiment is also generally cheaper and quicker to implement than the offline campaigns such as TV or billboard advertising.

The only concern with the web experiment is that it does not include the chunk of audience that is not so active on web. In the context of this particular product, that chunk of inactive users could be huge.