**Chapter 4: Assignment #3**

**MKTG 563**

Please submit your work via Blackboard by the start of class on Thursday, 9/19.

***Case 4.1: Memos from a Researcher***

John Daniel, a researcher at Georgia Metro Research, made the following notes about several of his clients to you, a newly hired trainee who has just graduated from college:

Client A is a consumer packaged goods manufacturer with a well-established brand name. The client has focused on manufacturing and distribution for years, while the marketing program has been set on “auto pilot.” All had been working fine, but there was a hint of emerging problems when, in the preceding year, market share fell slightly. Now, our client has reviewed the current market share report and noticed that over the previous 12 months, the company’s share has gradually eroded 15%. When market share falls, clients are eager to learn why and to take corrective action. In these situations, we know the problem is that we don’t know what the problem is. There are many possible causes for this slippage, so we need to determine the most appropriate research design.

Second, Client B is a manufacturer of baked goods products sold in grocery stores throughout the country. Marketing is divided into five regional divisions within the United States. The five divisions have had total autonomy over their advertising, though all of them have used TV advertising almost exclusively. Each division has tried several different TV ad campaigns, some of which were thought to be successful and others less so, but no one had ever formally evaluated the ad expenditures. A new marketing VP now wants to evaluate the advertising. She’s interested in knowing not only the sales of the client’s products sold during the different campaigns, but also what happened to sales of competitors’ brands. In this case, the client needs us to describe sales by SKU in the client’s product category for each TV market, and for each time period associated with each ad campaign. What research design do you recommend?

Finally, Client C is in a very competitive category with equal market share of the top three brands. This client is convinced that it has changed every marketing-mix variable possible except for package design. Since the three competitive brands are typically displayed side-by-side, Client C wants us to determine what factors of package design (e.g., size, shape, color, texture) cause an increase in awareness, preference for, and intention to buy the brand. What do you recommend for the appropriate research design?

1. Describe what research design you would recommend for each client.
2. For each research design you selected for the three clients, discuss why you believe your choice of design is the correct choice.

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| **Client** | **Research Design** | **Reason(s)** |
| **Client A** | Exploratory Resign | the Client does not know much  about the problem and needs additional information or desires new or more recent information. A situation analysis can help clarify the problem that needs addressing |
| **Client B** | Descriptive Research Design | The Client wants to evaluate the current ad campaign. Questions like ‘what’ are the sales of products vs competition, ‘How’ to evaluate the ad campaign etc. For such analysis a Descriptive research design is ideal. |
| **Client C** | Casual Research Design | Client C wants us to determine what factors of package design (e.g., size, shape, color, texture) cause an increase in awareness, preference for, and intention to buy the brand. We are investigating a causality. |

**Exercise 4-20:**

Wired Beverages has developed two new sodas that they are debating putting on the market. However, they will only be able to release one of them. Develop an experiment design that compares the taste of the two new sodas with each other, and with the leading competitor in the market. List the steps of your experiment. How will you ultimately choose the proper soda to release, if any?

**Solution:**

In this exercise there is a debate to choose between two new sodas for launch. For any product to succeed it must be loved and preferred by the consumer. To assess the consumer preference, we need to design an experiment with an affinity towards external validity.

**This scenario can easily be assessed with an A/B/n Test**

**Variables in question:**

**Dependent variable** = Consumer preference/choice

**Independent variable in question** = Taste

**Soda 1** = A

**Soda 2** = B

**Competitor’s Brand** = C

**Choice of Test:** A simple form of A/B/n testing can be conducted with two sodas of Wired Beverages and one of the competitors.

**Measure Validity:** measure consumer preference between two new sodas against leading competitor’s soda. External validity holds higher importance in such a scenario

**Experiment:**

**Conduct field experiment –** Blind test between samples A, B and C

**Location:** Costco or any supermarket which could potentially sell the product

**Voluntary trials,** people trying the samples without any reward or persuasion.

Ask related questions to volunteers about which sample they preferred and why?

Once we have the best performing Soda between A & B, we take the feedback, repeat the process until one of the soda’s outperforms the competition.

Post which we conduct a test marketing trial in a standard environment to judge and measure real world performance of the selected Soda

**Exercise 2:**

Coca-Cola markets PowerAde as a sports drink that competes with Gatorade. Competition for sports drinks is fierce where they are sold in the coolers of convenience stores. Coca-Cola is thinking about using a special holder that fits in a standard cooler but moves PowerAde to eye level and makes it more conspicuous than Gatorade. Design an experiment that determines whether the special holder increases the sales of PowerAde in convenience stores. Identify and diagram your experiment. Indicate how the experiment is to be conducted and assess the internal and external validity of your experiment.

**Solution:**

In this exercise there is a debate to understand if the placement of a product at a certain eye level has an impact on sales. Coca Cola wants to understand this impact to invest in the necessary equipment to boost the sales of PowerAde over Gatorade.

**This scenario can easily be assessed with a Before – After test**

**Variables in question:**

**O** = The measurement of Sales

**X** = The change in placement using the special holder

**R** = Random assignment of subjects to experimental and control groups

**E** = Experimental effect (i.e., change in the sales due to the change in placement)

**Choice of Test:** Before-after testing – Sales of Powerade are measured before and after the placement is altered using the special holder

**Experiment Summary:**

Let’s assume that our Field test has 100 coolers spread around the country across different stores. We could randomly divide them into two groups of 50 – Sample A & Sample B. We undertake a pretest measurement sales across both groups making sure the Powerade is not already placed at eye-level. If this condition is not satisfied we will not be able to assess the experimental effect. (This could be our potential extraneous variable)

Moving forward, we modify the coolers across Sample A the independent variable, adding the special placement holder. Finally, after some time period, posttest measurements are taken of the dependent variable in both groups of restaurants. The difference in sales from the pretest to posttest for the control group is subtracted from the difference in sales from the pretest to the posttest for the experimental group. This difference represents the degree of change in sales levels attributable to the placement of Powerade at eye level.

**Method of test:** Field test in supermarkets or stores with a cooler

**Pretest:** Measure sales before adding the special holder

**Posttest:** Measure sales after changing the special holder

**Sample design diagram:**

Experimental group (R)O1 XO2

Control group (R) O3 O4

E = (O2-O1) – (O4-O3)

**Validity:** If the value of E is positive it indicates:

1)The observed change in sales is, in fact, due to the placement of Powerade

2)The results of the experiment apply to the “real world” outside the experimental setting as we conducted this experiment in actual stores and coolers

Once this relationship is established a feasibility study can be conducted to check if the idea is cost effective and future proof.

Once we have confirmed a feasibility we can proceed with the installation of the special holders.