
Dare to Experiment: The Scientific Approach to Consumer Behavior

Bring Back the Billboard

A new fashion company, Iconic Jeans, recently developed a new line of jeans, Denimous. Since the company was based in Buffalo, New York, a billboard at Canalside, a popular gathering spot on the Erie Canal, seemed fitting. The marketing team had been tossing around a couple of ideas for the billboard for a month and had narrowed the selection down to an image featuring two young adults running through a field and an image of two young adults at a party. With the time to launch dwindling, the team called a meeting to decide between the two images and send the chosen one to be printed. The team had been looking at the two images at the front of the room for a while when Marek Tkacik, vice president of marketing, said, “I think we have to go with the field. It’s tough to say why, but there’s just something about it. It’s fun; it’s fresh. I think it’s perfect.”

Everyone in the room more or less agreed, and the team sent along the field image. Following the ad, Denimous sales seemed to be doing well—close to par with other jean sales—so the team figured the billboard must have done its job. How should the marketing team interpret the results? What, if anything, should be changed about the marketing team’s process?

These caselets were prepared by Lalin Anik, Assistant Professor of Business Administration; Ryan Hauser, MBA Candidate, Yale School of Management; and Gerry Yemen, Senior Researcher. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2017 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an email to sales@dardenbusinesspublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.* Our goal is to publish materials of the highest quality, so please submit any errata to editorial@dardenbusinesspublishing.com.

Oh Where, Oh Where Have All the Donations Gone?

Giovanna Lozanda was the CMO of GreenWorx, a medium-sized environmental nonprofit. GreenWorx relied primarily on donations to fund its programs, which included tree planting, ocean cleanup, and public education on environmental issues. Most of these donations were made online, directly through the payment system on the organization's website. While donations had typically grown year over year, this year, they had begun to stagnate. Concerned, Lozanda called a meeting with the marketing team.

Lozanda had been keeping up with recent business trends and understood the importance of experimenting rather than managing with her gut. She informed her team that, "Donations are stagnant this year, and we need to find a way to combat that."

Lozanda grabbed a marker and wrote on the meeting room's whiteboard:

GOAL: INCREASE DONATIONS ON OUR WEBSITE

"We need to figure out what's going on here," Lozanda said. "Let's design an experiment to tell us how to increase donations on our website. Alex, Reece, and Bethanie, I want the three of you to take the lead on this one."

Can this goal be feasibly achieved with an experiment? Is there an alternative experiment to address Lozanda's concerns?

Not So Retiring

A Boston-based finance company, Hupp Capital, wanted to gauge how those in the area were thinking about retirement. Were they saving at all? Was it even on their radar? The CMO, Tim Yoshida, had a hunch that the company might get more accurate data if respondents were asked to talk about their friends instead of themselves. That is, instead of asking something like, “Are you saving for retirement?” the company wanted to ask, “Are your friends saving for retirement?”

In order to validate this hunch, Yoshida decided to run an experiment. He printed 200 questionnaires—100 in the “self” condition and 100 in the “friend” condition. He gave the 100 “self” questionnaires to a market researcher, Mitch, and the 100 “friend” questionnaires to another market researcher, Casey. In order to ensure randomization and that respondents didn’t influence later results, Yoshida kept Casey around the office in Boston and sent Mitch over the Charles River into Cambridge to distribute surveys on the Massachusetts Institute of Technology (MIT) campus.

When the 200 surveys were completed, the team analyzed the results and found that those in the “friend” condition were more likely to say they were thinking about retirement than those in the “self” condition. The team tested these results and found that the results were statistically significant. What did the team do well? Could it be improved? Is there an alternative experiment to garner accurate data on retirement?

The Problem and the Experiment, or the Experiment and the Problem

Imani Walker ran an exclusively online perfume company, Serein, and used preroll advertisements on YouTube to generate awareness of Serein's products. The current ad wasn't performing that well; click-through rates were fairly low, and engagement was poor. However, Walker didn't know if this was due to the ad's messaging or its imaging. The current ad featured a black-and-white montage of a woman walking through the streets of Florence, Italy. The messaging accompanying the woman was a voice-over of a poem in French. Walker feared that perhaps the message was distracting the viewer from the image, thus dampening the visual effects. Or maybe the message was fine, but Serein should use the other imaging option Walker had been considering: a montage of a young woman on the beach.

In order to figure out what was causing the poor ad performance, Walker ran an experiment. She ran two ads on YouTube concurrently: the ad with the French poem and Florentine street montage and a new ad with no poem and the beach montage. Ditmore figured that, while the experiment may have taken a few extra resources to run, at least she would know which montage to use and whether or not to include the poem. What did Walker do well? Could it be improved? Was there an alternative experiment to test the ads' effectiveness?