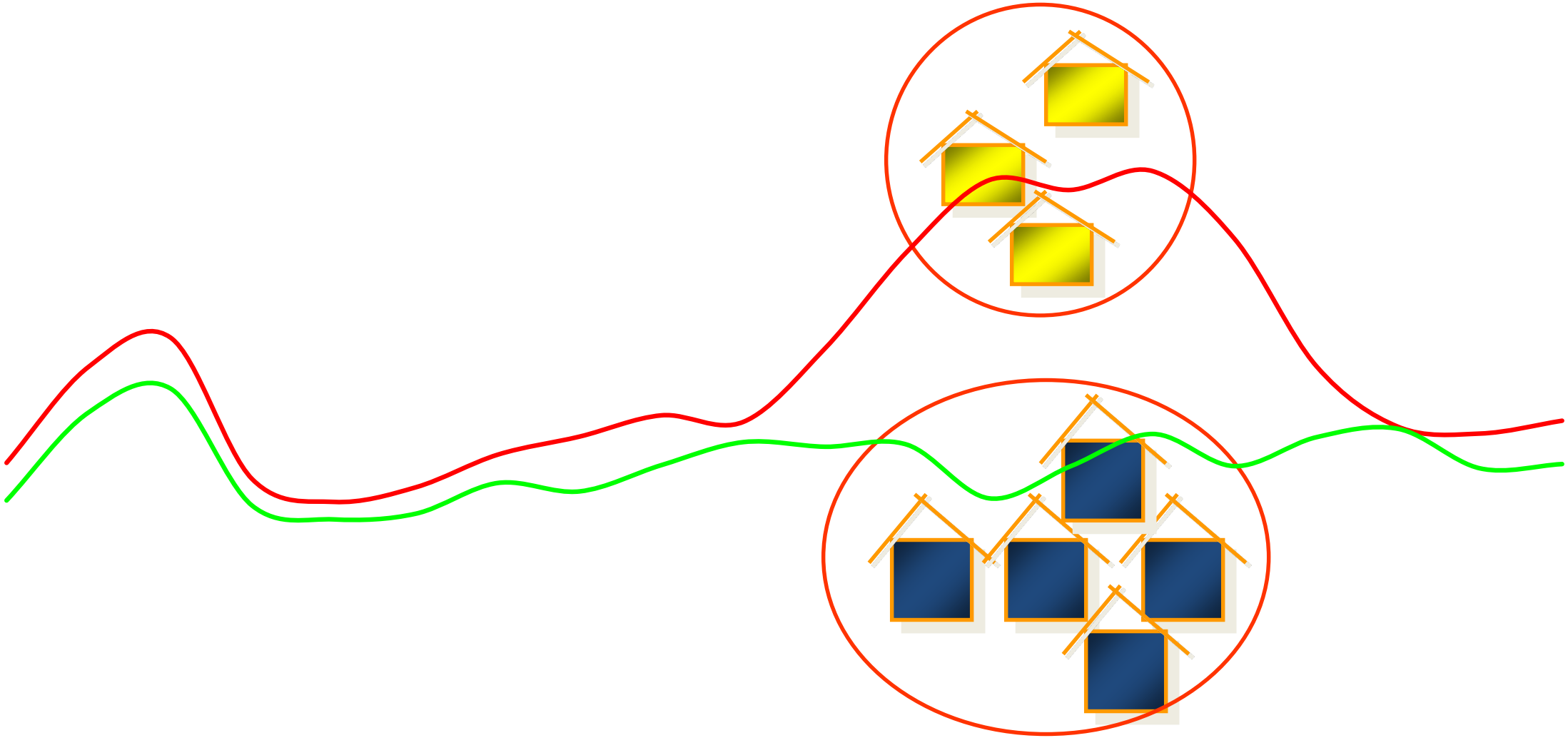
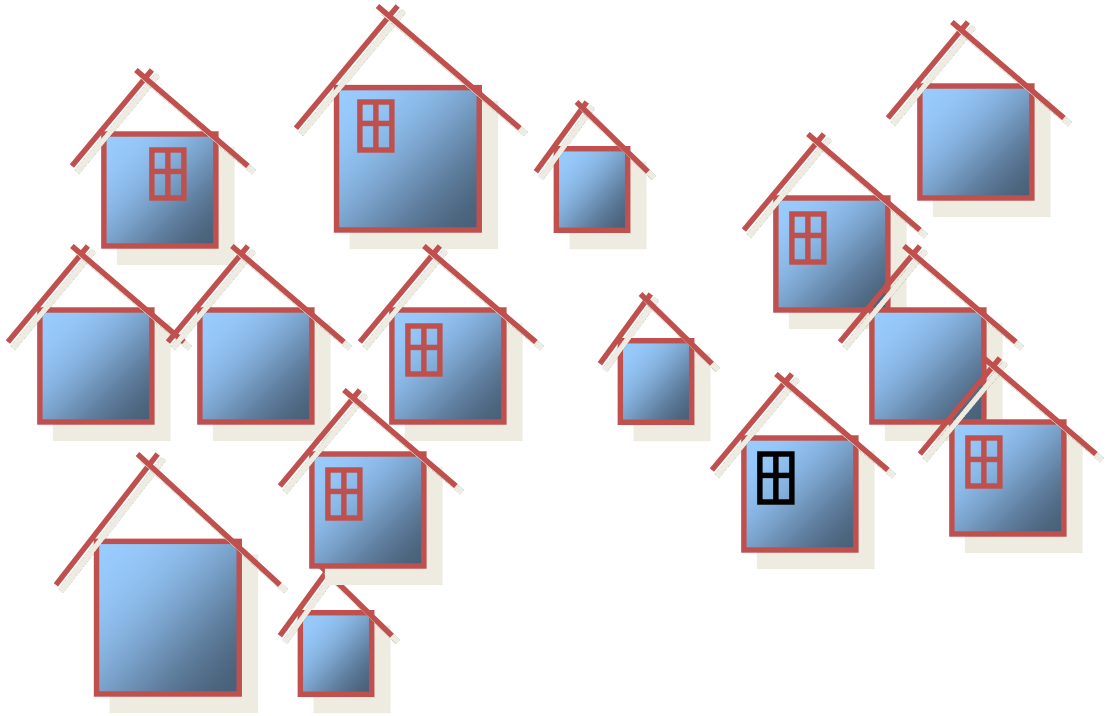
Controlled Store Test



Control Store Test

- Create a “real” environment in which manufacturers can test new ideas prior to full roll-out
  - Verify any marketing mix change impact on consumers
  - Measure activity impact in a limited number of stores representative of local trade situation

- Pre-requisite retailer relationships and analytical process



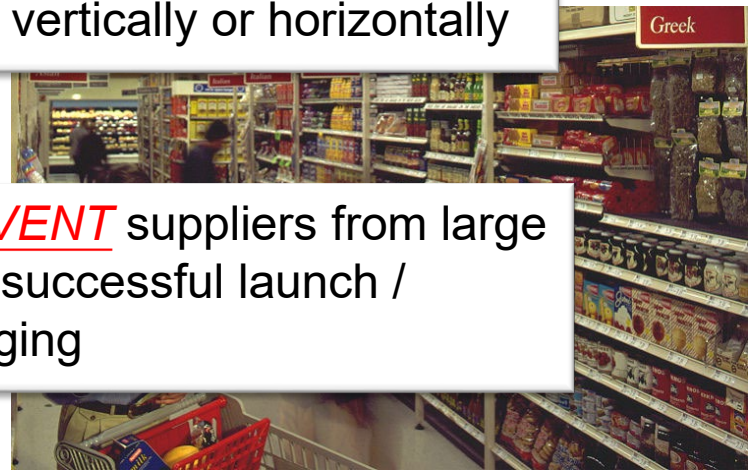
Applications of Store-Tests

- Displays and Promotions
  - Display Types
  - Promotion Types
    - In-store Sampling
    - Shelf Location
- Merchandizing
  - Planogram Review
  - Space Allocation
  - Product Line Mix
- Marketing
  - New Product Launch
  - Price Repositioning
  - Packaging Changes
  - Line Extensions

To *TEST* consumer acceptance before implementing new promotional dump bins, pillars.

To *ASSESS* impact of shelf modification such as brands arranged vertically or horizontally

To *PREVENT* suppliers from large scale unsuccessful launch / repackaging



Methods

- Matched Panels
  - Control Panel (no change)
  - Test Panel (new situation e.g. New product)
- Latin Squares

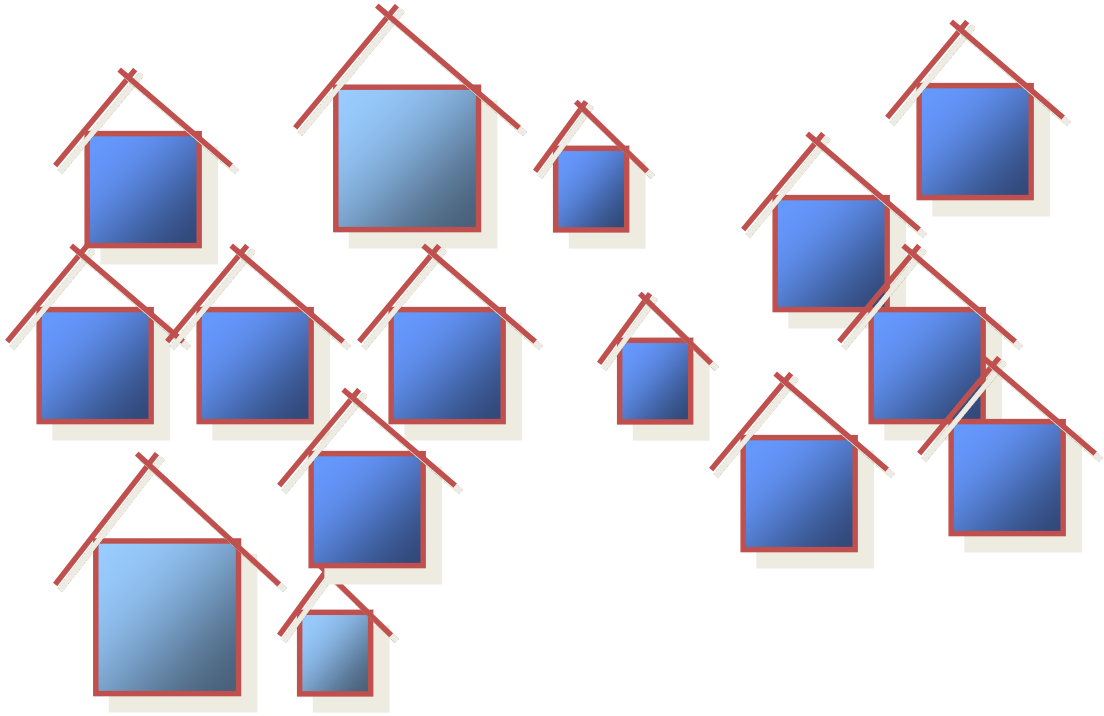
Both methods require controls in place ... Stock-out, promotions and other in-stores activities that influence sales are not admissible.

Approach: **Matched Panels**

Matching Criteria:

- Store size
- Category Turnover
- Product Range
- Strength of Brand
- Historical Trend
- Other –

e.g. Consumer demographics?



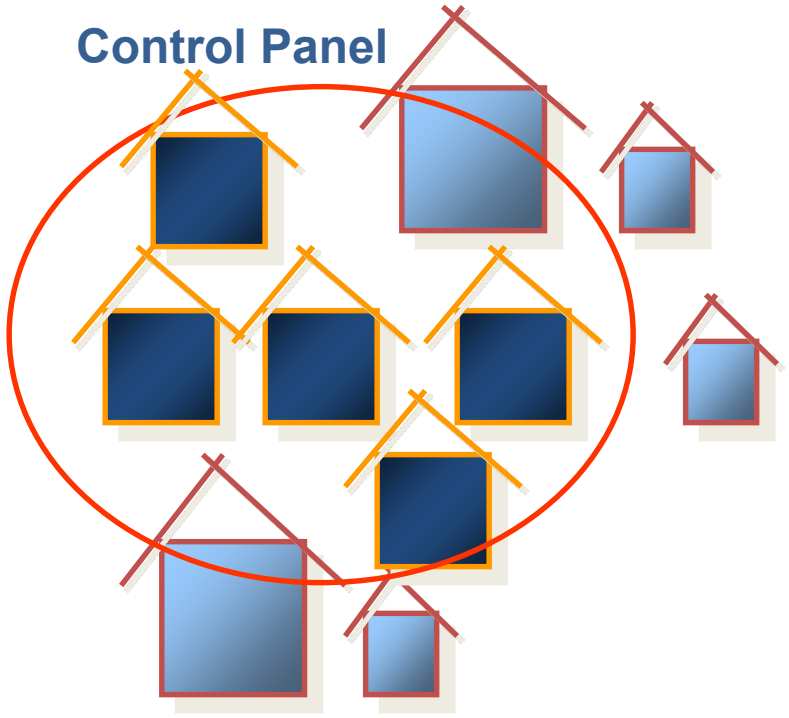
- Compensates for seasonality
- Reliable analysis based on sales comparison:
    1. Test(s) Group(s) vs Control Group
    2. Test Periods vs Pre Test Period

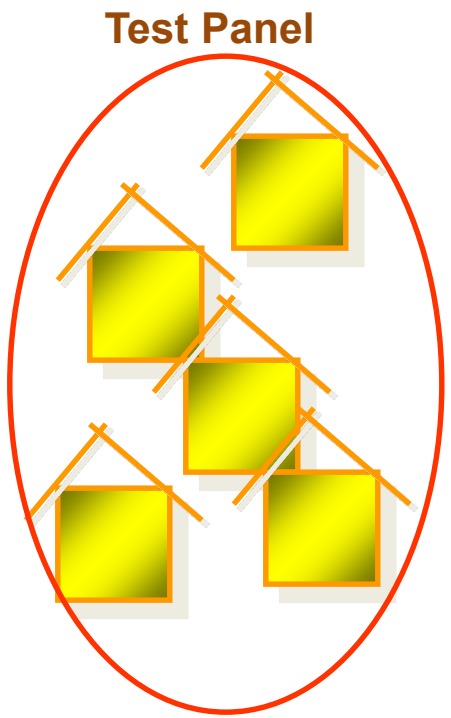
Approach: **Matched Panels** of Test and Control Stores

Matching Criteria:

- Store size
- Category Turnover
- Product Range
- Strength of Brand
- Historical Trend
- Other –

e.g. Consumer demographics?

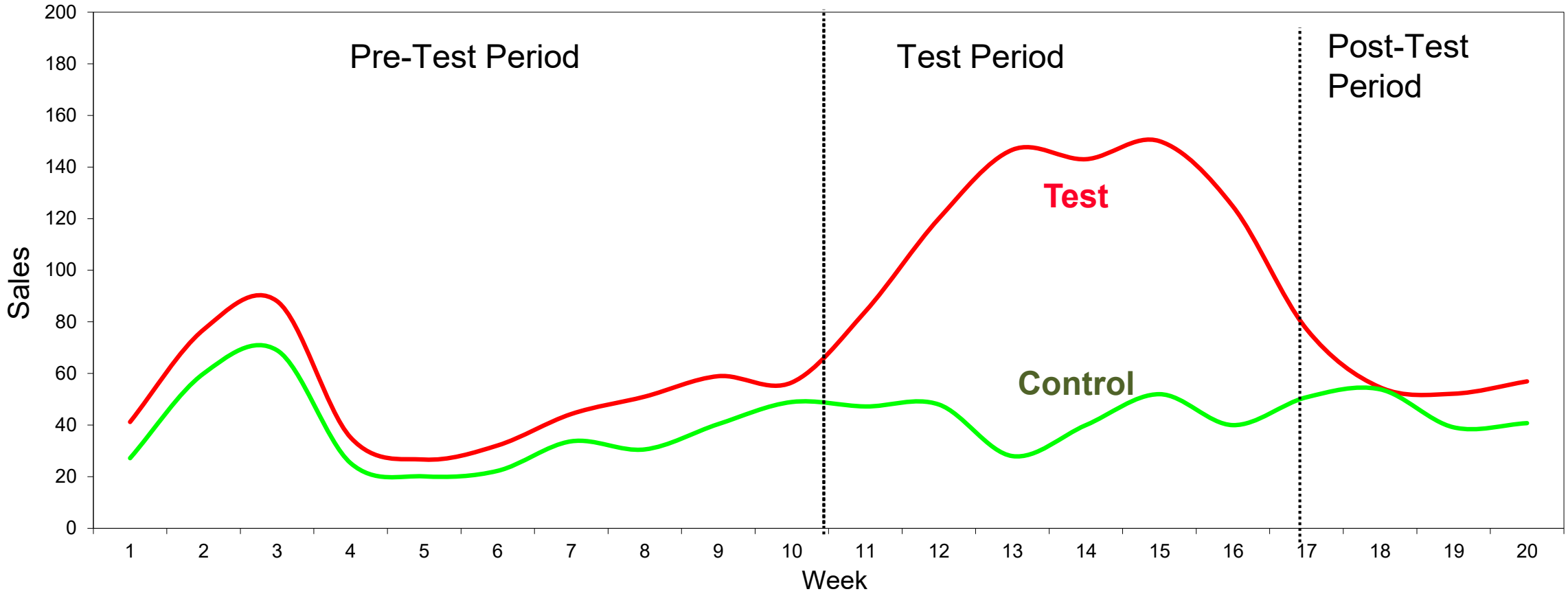




e.g. testing different price points

Matched Samples - Example

Store-matching and analysis of variance



Matched Samples – Sales Summary

Average Sales per week	**Control Panel**	**Test Panel**
Pre-Test	37.8	51.1
Test phase	42.5	128.1
Post-Test	46.2	60.3
Sales Index		
Pre-Test	100.0	100.0
Test phase	112.7	250.6
Post-Test	122.3	117.9

Special displays and in-store media activities during the test period resulted in sales volume growth of 122% (250.6 over 112.7)

Approach: **Latin Squares**

A Latin square is an n × n table filled with n different scenarios in such a way that each scenario occurs exactly once in each row (time period) and exactly once in each column (panel of test stores)

Consider 3 different scenarios to be tested ...
let's say price: A: $10, B: $12, C: $15

	Panel 1	Panel 2	Panel 3
Period 1	A	B	C
Period 2	C	A	B
Period 3	B	C	A

Advantages / Disadvantages - Latin squares approach

- Permits **simultaneous** evaluation of multiple scenarios
- Compensates for **seasonality** and **idiosyncrasies** across different groups of stores
- **Cannot be used for new product launch** since we need to capture trial as well as repeat volumes

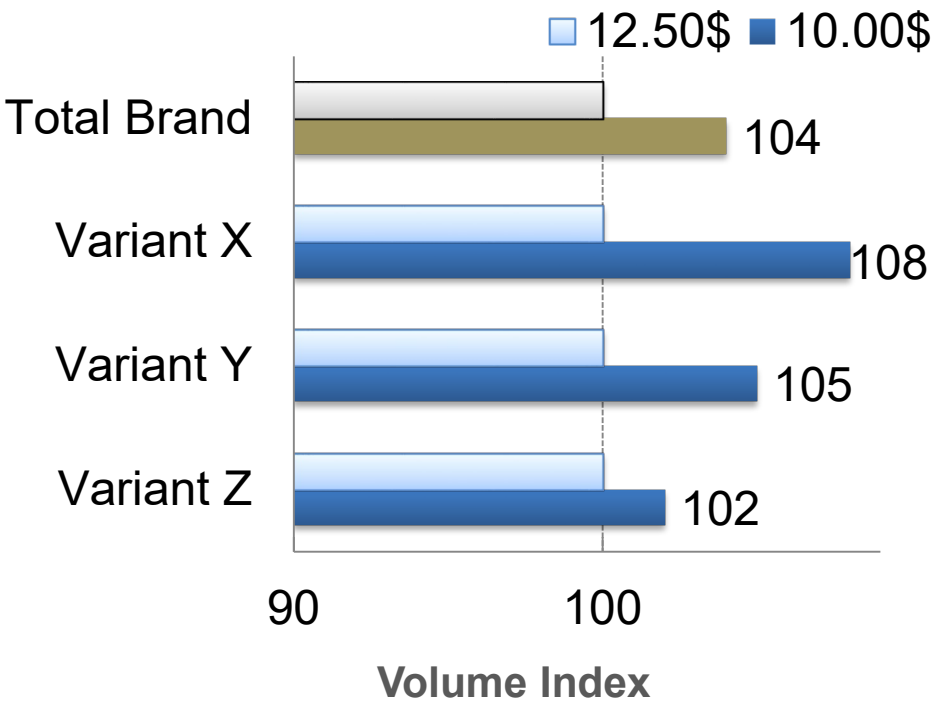
Price Repositioning CST

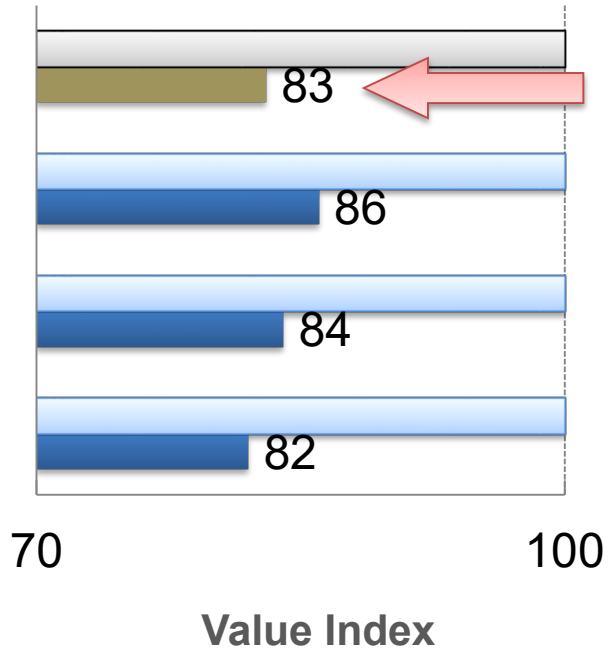
- Objective
  To measure impact on sales volume and value of price drop from $12.50 to $10.00 on a a shampoo..
- Methodology
  Latin Squares
- Example
  Price decrease for a Tissues Brand

  $12.50 $10.00 (-20%)

Example: Price Repositioning CST

Value Sales decline by 7 %





Marketing Analytics
Practitioner's Guide