

MarketDial

White Paper Series
Generating Effective Tests

The rhythm and rhyme of retail test implementation

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I Introduction

Whether listening to a heartbeat or a drummer, we often don't pay close attention to the cadence until there is an irregularity in the rhythm. This happens, in part, because we recognize that irregularity has potential to cause significant disturbances.

Likewise, when working to implement A/B tests, we often don't pay attention to the process until problems crop up. But many problems can be avoided by following best practices from the outset. Taking the time to ensure tests are well orchestrated can produce optimal test results.



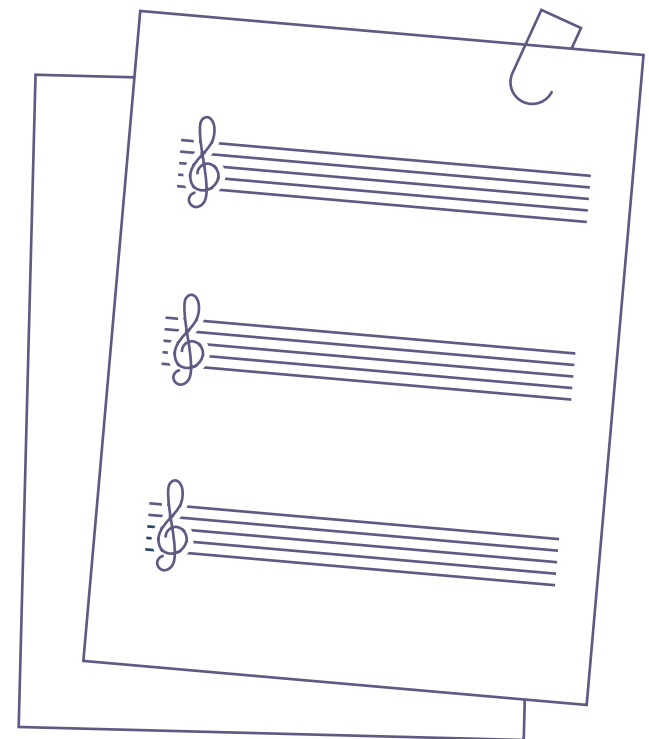
| Thinking through the objective

Before a test can even begin, it's essential to fully identify the objective, have a clear plan for what should be tested, and know what actions you will take with each potential result.

A clear objective enables changes to be measured more impactfully. When thinking through the objective, make sure what *needs* to be executed at the treatment stores is what *will* be executed.

Once a clear objective is identified, map out how much time, budget, and resources are available as well as what constraints may apply. Finally, consider how you wish to rollout the initiative once the test is complete. For example, are you looking to roll it out across your fleet or only at select sites?

Remember details are key. The more details you clarify from the outset, the easier the test parameters will be to set up. 🎵



Building the foundation with a strong hypothesis

In science, a hypothesis defines what is trying to be proven. The same is true in business. A strong hypothesis identifies what, specifically, is being examined as a potential solution to a business problem. It builds the foundation of an effective test.

Take the following steps to ensure your hypothesis is sound:

- ◇ Know what you are trying to measure. For example, “If we change X, then we predict Y in sales.”
- ◇ Make the change noticeable and large enough to measure if there really was an impact. Small changes might point to a particular outcome, but there is always noise to consider.
- ◇ Be concise and focused, avoiding ambiguous questions. Ensure that what you want to test is clearly reflected. For example, if you want to test how using geofencing might impact sales – *Hypothesize this*: Will the use of RFID geofencing have a positive impact on consumer behavior, resulting in sales lift? *Not that*: Will on-site marketing drive sales?



Fine-tuning your hypothesis

A CPG wants to test pricing, end caps, and packaging. If they try to test them all together, the noise will be like that of an orchestra tuning all its instruments at once. Bring your hypothesis into tight focus with a singular, clear, measurable question.

Click [here](#) for more information on how to build a strong hypothesis. 🚀

Determining and setting test parameters

Test parameters are often seen as the most pivotal piece to testing success; however, parameters come together smoothly only after you have defined a clear objective and a clear hypothesis. Once those two elements are in place, orchestrating the test parameters is a clean process that follows these steps:

- 1** Pick out representative treatment sites. Make sure the sites have the capacity to implement the desired change. Also consider choosing a broad selection of sites. Sites too close together, for example, may slant the results.

For optimal treatment site selection, work towards getting the best representativeness score instead of preselecting sites. Consider the following:
 - ◇ Site attributes + primary metric correlation
 - ◇ Sites evenly distributed over the geographic blueprint
 - ◇ Whether the test sites are part of other tests.
- 2** Match control sites using the specific category that the test is expected to impact. This makes measuring the test results more accurate.
- 3** Have set dates to be able to see directionally what the change is impacting.
- 4** Map out the specific details of the test. For example, what is the exact product placement, amount of shelf space, etc.
- 5** Plan for unforeseen events – such as store closures – by having a large enough sample size for the test. Ensure you build in flexibility for these contingencies. 🚧

| Seeing decisions through the finish



Having a strong plan in place and sticking to the plan provides the checks and balances needed to prevent result bias from creeping in.

Many testers begin the test with expectations of what the outcome “should” be. When the results start to play out and are not matching those expectations, testers may feel inclined to tweak test elements, but doing so is the definition of bias.

It also can be easy to second guess decisions and try to make tweaks to the test mid-stream, but this may affect test reliability and confidence. Making changes in the middle of the testing process will lead to skewed results.

Invest in making the right decisions up front, then let the test run its course without making changes that could distort or bias the outcome. 🏁

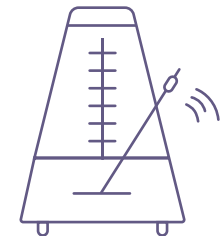
Democratizing data across leadership and teams

Sometimes with companies, when it comes to testing, the right hand doesn't fully know what the left hand is doing. This can lead to redundancy and inefficiency both with training testers and with the testing itself.

An effective way to achieve consistency is with a test steering committee that can organize and manage testing, interpret results, prevent unnecessary duplication, and enable ROI tracking to be more centralized. With such a committee, category brand managers could be designated to work with on-site employees to align on the details of the test.

Standardizing test protocols across your company can prevent errors such as running multiple tests that might influence or interfere with each other at the same sites. It also allows for test prioritization, maintaining clarity on how individual changes drive specific outcomes. In addition, tests can be executed across multiple channels to see if one change is driving higher growth.

By following best practices for A/B test implementation, you can achieve reliable and repeatable results quickly and efficiently. It's a straightforward process, and MarketDial makes it even easier by helping you determine and set the test parameters. 🚀



Just as a music conductor keeps everyone on beat, strong internal communication across teams – from top management to analysts to store employees – creates a uniform, agile testing culture.

Ready to get started?

Here's a quick checklist.

- Pinpoint what you want to test and learn.
- Map out what course of action(s) you anticipate taking based on the end results.
- Establish a clear hypothesis that states what, specifically, you are evaluating.
- Determine treatment sites, control sites, test length and dates, test details, and possible test challenges.
- Run the test from start to finish without second guessing or changing your initial decisions.
- Create a testing culture that relies on company-wide communication.
- Implement a test steering committee to democratize testing throughout the organization. 🚀

Why MarketDial?

MarketDial provides retailers with the tools they need to validate initiatives quickly and confidently. Our mission is to maximize our clients' potential by offering accurate testing solutions and actionable insights. With our automated analytics and in-store testing tools, businesses can trust they are making data-driven decisions that drive success.

Want to learn more? Contact us at explore@marketdial.com