LeSportsac, Inc., filed a suit against K mart Corp. after K mart introduced a “di Paris sac” line of bags, which LeSportsac claimed looked like its bags. According to LeSportsac, K mart led consumers to believe that they were purchasing LeSportsac bags when they were not. To prove its point, LeSportsac undertook marketing research.

Two groups of women were selected in a field experiment. One group was shown two LeSportsac lightweight soft-sided bags from which all tags were removed and all words and designs were printed over within the distinctive LeSportsac ovals. The second group of women were shown two “di Paris sac” bags with the brand name visible and bearing the tags and labels these bags carry in K mart stores. Information was obtained from both groups of women to learn whether or not these women perceive a single company or source and/or brand identification of masked bags, what identifications they make, if any, and the reasons they give for doing so.

The sample consisted of 200 women in each group selected by personal intercept interviews conducted in central locations in Chicago, Los Angeles, and New York. Rather than utilizing a probability sample, the respondents were selected in accordance with age quotas.

The study indicated that many consumers could not distinguish the origin of the two makes of bags, supporting the position of LeSportsac. The field experiment helped LeSportsac convince the court of appeals to affirm the issuance of a preliminary injunction against K mart. K mart agreed to stop selling its “di Paris sac”
Barnes & Noble has recently launched an Internet couponing service with Interactive Coupon Network. The goal that Internet couponing was to establish complementary promotional programs, reach more consumers and gain additional data about these consumers. Barnes & Noble wanted to link on-line customers to the ones actually getting to the store. What should be the face value of these coupons? An experimental design can be adopted where coupons of different face values can be offered to different Internet users and the results monitored to determine the optimal value.  

Insert a Picture of a Barnes & Noble store
EXAMPLE

Taking Coupons at Face Value

An experiment was conducted to test the effects of the face value of coupons on the likelihood of coupon redemption, controlling for the frequency of brand usage. Personal interviews were conducted in greater New York with 280 shoppers who were entering or leaving a supermarket. Subjects were randomly assigned to two treatment groups, one offered 15-cent coupons and the other 50-cent coupons for four products: Tide detergent, Kellogg's corn flakes, Aim toothpaste, and Joy liquid detergent. During the interviews, the respondents answered questions about which brands they used and how likely they were to cash coupons of the given face value the next time they shopped. An interesting finding was that higher face-value coupons produced higher likelihood of redemption among infrequent or nonbuyers of the promoted brand but had little effect on regular buyers. 8

Insert Picture of Coupons From Second Edition Chapter 7, page 239

Use the same Caption
Burke Marketing Services, Inc., conducted an experiment to determine the effect of price and competitive set information on purchase intentions with respect to a new dog food. A two-factor design was used. Price was manipulated to have four levels: one discount ($1.07), two parity ($1.27; $1.47), and one premium ($1.67). Competitive set information was varied at two levels: whether information on competitive brands was provided or not. Approximately 240 respondents were randomly assigned to one of eight (4 x 2) treatment conditions. Respondents were asked to indicate their purchase intent for the new product on a five-point scale. The results indicated that neither price nor competitive set information had a significant effect on purchase intentions.23
Experimenting with New Products

Controlled-distribution electronic test markets are used increasingly to conduct experimental research on new products. This method makes it possible to control for several extraneous factors which affect new product performance and manipulate the variables of interest. It is possible to ensure that a new product: (1) obtains the right level of store acceptance and all commodity volume distribution, (2) is positioned in the correct aisle in each store, (3) receives the right number of facings on the shelf, (4) has the correct everyday price, (5) never has out-of-stock problems, and (6) obtains the planned level of trade promotion, display, and price features on the desired time schedule. Thus, a high degree of internal validity can be obtained.
EXAMPLE

Correcting Errors Early: A stitch in Time Saves Nine

A marketing research firm specializing in advertising research is examining the effectiveness of a television commercial for Nike athletic shoes. A one-group pretest-posttest design is used. Attitudes held by the respondents toward Nike athletic shoes are obtained prior to being exposed to a sports program and several commercials, including the one for Nike. Attitudes are again measured after viewing the program and the commercials. Initial evaluation based on a small sample found the one-group pretest-posttest design adopted in this study to be susceptible to demand artifacts: respondents attempt to guess the purpose of the experiment and respond accordingly. Because time and financial constraints make redesigning the study difficult at best, the research continues with correction. Continuing a research project after knowing errors were made in the early stages is not ethical behavior. Experimental design problems should be disclosed immediately to the client. Decisions whether to re-design or accept the flaw should be made jointly.
Eckerd Drug Co. conducted an experiment to examine the effectiveness of in-store radio advertisements to induce point-of-purchase (POP) buys. Twenty statistically compatible stores were selected based on store size, geographical location, traffic flow count, and age. Half of these were randomly selected as test stores, while the other half served as control stores. The test stores aired the radio advertisements, while the control stores’ POP radio systems were removed. Tracking data in the form of unit sales and dollar volume was obtained for 7 days before the experiment, during the course of the four-week experiment, and 7 days after the experiment. The products monitored varied from inexpensive items to small kitchen appliances. Results indicated that sales of the advertised products in the test stores at least doubled. Based on this evidence, Eckerd concluded that in-store radio advertising was highly effective in inducing POP buys and decided to continue it.2
Which Comes First?

Recent statistical data show that consumers increasingly make buying decisions in the store while they are shopping. Some studies indicate that as much as 80% of buying decisions are made at point-of-purchase (POP). POP buying decisions have increased concurrently with increased advertising efforts in the stores. These include radio advertisements, ads on shopping carts and grocery bags, ceiling signs, and shelf displays. It is difficult to ascertain from these data whether the increased POP decision-making is the result of increased advertising efforts in the store, or whether the increase in store advertising results from attempts to capture changing consumer attitudes toward purchasing and to capture sales from the increase in POP decision-making. It is also possible that both variables may be both causes and effects in this relationship.\textsuperscript{5}
EXAMPLE

Splitting Commercials Shows Their Strength

A multiple time series design was used to examine the buildup effect of increased advertising. The data were obtained from Burke Marketing Services, Inc., from an ADTEL split-cable TV advertising field experiment. In the split-cable system, one group of households was assigned to the experimental panel and an equivalent group to the control panel. The two groups were matched on demographic variables. Data were collected for 76 weeks. Both panels received the same level of advertising for the first 52 weeks for the brand in question. For the next 24 weeks, the experimental panel was exposed to twice as much advertising as the control panel. The results indicated that the buildup effect of advertising was immediate with a duration of the order of the purchase cycle. Information of this type can be useful in selecting advertising timing patterns (allocating a set of advertising exposures over a specified period to obtain maximum impact).\textsuperscript{19}
Flawless Quality and Exclusivity at $87,000 a Piece

Post-communist Eastern Europe has its problems. Eastern Germany’s sky-high wage costs have continued to hamper recovery. One worker in four cannot find work. Six of 10 East German companies lose money, and 8,000 failed in 1995 which was double the number the previous year.

Among this chaos, however, are a few rising stars. Watchmaker Lange Uhren has succeeded in the struggling East German economy. The reason is their market savvy.

Simulated test marketing was done in United States, Japan, and France to determine an effective positioning and pricing strategy for the watches. In each country, the price and the positioning strategy were varied and consumer response assessed. The results, which were similar across countries, indicated that a prestige positioning with a premium price would be most effective. The Eastern Germany area was well known for superior craftsmanship prior to the rise of communism. Lange Uhren used a well-trained workforce and the new marketing platform to rekindle this tradition. The new positioning strategy is based on flawless quality and exclusivity which are portrayed uniquely in each cultural context. The watches are sold by only 22 retailers worldwide for as much as $87,000 each. The strategy has been successful. Watch sales increased 30% to $18.5 million in 1997.
Test Marketing: Wow!

Olestra, marketed under the name Olean, developed and researched by Procter & Gamble over 25 years at a cost of more than $200 million, is kind of amazing new cooking oil that adds zero calories and no fat to the snacks people love. During April 22 to June 21, 1996, Frito-Lay’s Max chips with Olean were test marketed in three cities in 31 supermarkets. Researchers collected sales data and customer reports of any effects which they associated with eating Frito-Lay’s Max chips. The key findings were encouraging: (1) sales exceeded expectations. Both the initial purchase and re-purchase rates were very high; (2) most people responded positively that snacks made with Olean offered a good way to reduce fat in their diets; and (3) the reporting rate of any side effects was lower than the small reporting rate anticipated prior to FDA approval;

Since the initial findings were encouraging, it was decided to expand the test marketing to Columbus, Ohio in September 1996, and Indianapolis, Indiana, in February 1997. The product in these test market was changed in packaging design, price and the name called WOW which better described the product with its great taste and no and low-fat/calorie reduced attributes versus the MAX product name used in the initial test markets. The test market results were again positive. Based on favorable result, the decision was made in February 1998 to launch nationally, Frito-Lay’s “WOW” line of Ruffles, Lays and Doritos chips, all made with olestra.