Introduction

This report aims to design a marketing experiment for one of the strongest brands in the confectionery industry, especially when it comes to chocolate bars. I’m talking about Snickers. The main product of the brand consists of nougat topped with caramel and peanuts, enrobed in milk chocolate. This brand belongs to the American company Mars, Incorporated and has annual global sales of $2 billion.¹

The marketing experiment consists of a price promotion campaign for which will be applied the before-after design experiment.

Price promotion is a tool to influence consumer purchase; but because price is such a subject variable (i.e., different people make different judgements of the same price reduction – for instance, given a -20% discount some people may think that it’s a big drop in the price while others may think it’s irrelevant) I’m forced to use the before-after experiment (this kind of experiment takes into account the pre-existing differences between the control and the test groups).

Experiment Design

In this experiment, the independent variable is a price promotion in the form of a 20% reduction in the unit price. The dependent variable observed here is intention to buy.

The experiment will be run in Barcelona (Spain). It will involve 50,000 people that belong to the target consumer segment of the brand (i.e., young, male, active adults). Randomly those will be divided into two groups of 25,000 individuals – the test group and the control group. I believe this sample, due multicultural environment of the city, will be culturally diverse and big enough so that it will be statistically significant to draw conclusions of relevance for the European markets of the brand.

The test will occur in February, during the two weeks. For the “before” stage, the intention to buy the chocolate bar will be recorded for both control and test markets for the price of 1 euro. The “after” stage of the experiment will be running in the following week, with the same price (1 euro) for the control group and the new price (80 cents) for the test group. The change in sales during the experiment will be then used to calculate the lift in sales.

The experiment adheres to three rules of causality (change in the marketing mix produces change in intention to buy; no increase in the intention to buy when there is no change in marketing mix; time sequence (first manipulation in price, then inquiry of intention) but can’t assure that an external factor won’t mess with the customer’s intention to buy the product.

Anticipated Issues

Chocolate is a seasonal product. Students “abuse” it when it comes to final exams, it is used as a gift during the Christmas season and there are brands that simply don’t sell them during the summer time (e.g., Ferrero Rocher). Therefore, the results cannot be generalized without reservations.

Any other external factor during implementation such the entry of a new brand/product or a competitive move by an existing competitor could adversely affect the field results. If a new brand is advertising a really nice chocolate for a little price, the consumer will anchor that price and might think that the reduction of the Snicker’s bar wasn’t enough to make them want to buy it.

Nevertheless, we can compare the test group with the control group to calculated the sales lift.

Furthermore, the vast number of people in both groups (50,000 total) will make external personal factors (e.g., if a respondent loses a job, win the lottery, etc.) almost insignificant.

Experiment adaptation

Another version of the experiment can be through a web experimentation – full factorial design.

In this case we could invited people from all over the world and thus analyze the results for different markets. Plus, we could test different levels of discount (-20%, -30%, 50%, etc.) and different framings of the discount (-50%, 50% free, take 2 pay 1, etc.). On top of that, the target of the brand (and consequently of this experiment) consists of people that have access and use a computer/internet daily.

This version of experiment is generally cheaper and quicker to implement than the offline face-to-face questionnaires. However, if this experiment is to be done worldwide it may not be that cheap or simple since the questionnaires have to be translated into different languages and take into account the laws of the retail markets of each country (people in charge should know the “rules” of price promotions for each market).

These pros and cons need to be taken into account when deciding which experiment to choose from. One thing is certain - this experiment adaptation would offer the optimal combination for each market.