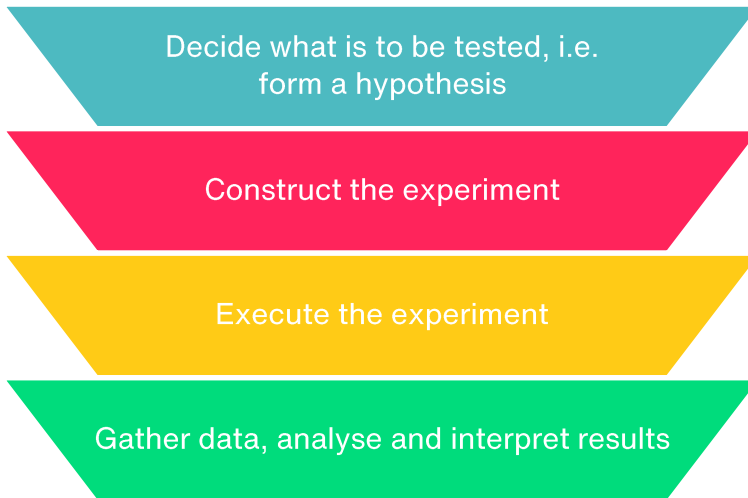


A/B Testing

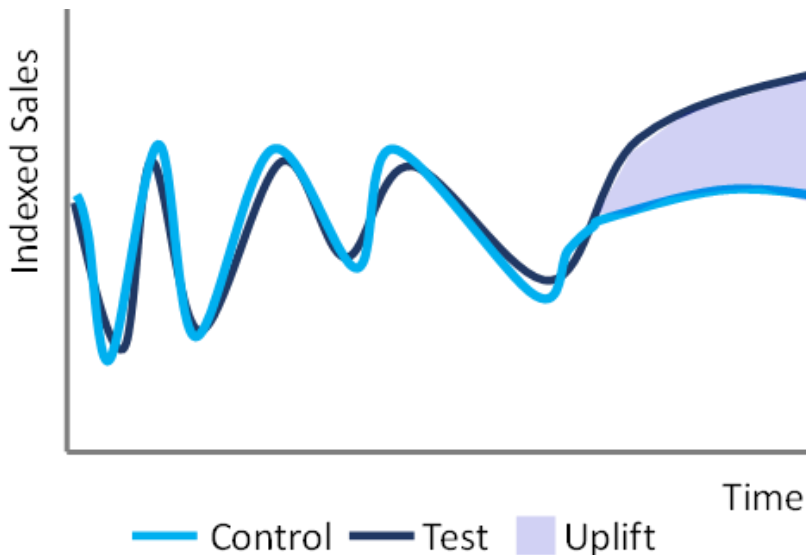
'A/B' Testing is used to compare two versions of something and measure the impact from one element that is changed.¹ Marketeers usually use A/B Testing to determine if marketing is driving an uplift.



Running an A/B test begins with a hypothesis: for example, whether marketing has an impact on sales or not.

In order to run the experiment, you need to collect the correct data and ensure the spend, flighting and other key factors will be sufficient.

We also need to ensure that all other factors are held constant while running the experiment. This ensures that we can confidently assume any uplift detected is due to the marketing activity, and not other outside factors.



A/B Tests require a test and control region. These two regions should be as similar as possible (same availability of product marketed, same number of stores, no differences in offerings across stores etc.) in order to maintain a fair test. The experiment also works best when there is no other media activity running – testing one channel at a time works best.

Maintaining as little variation as possible between the two regions allows us to confidently attribute any differences seen in sales in the test set to the marketing activity.

Detailed data across the test and control regions is then collected. Often, we will need to index the data between the two regions to ensure a fair test – this allows us to control for any variances that occurred across the regions while the test was running.

This allows us to measure and interpret any uplift in the test region. An ROI is calculated to determine the effectiveness of the marketing activity.

A/B Testing also allows marketeers to apply insights to consumer behaviour across other areas of your marketing. If we have seen regional testing works well to market a product, it may also work using a different channel.

Carrying out regular tests works best as it allows you to reach your optimal marketing spend and laydown within each channel quicker, making for more fruitful marketing.

RESOURCES:

1. <https://brightblueconsulting.co.uk/ab-testing-what-is-it-and-how-can-you-use-it-to-gain-insight-into-your-business/>