



Sales Increases of Tens of Millions While Lowering Advertising Cost Nearly Fifty Million Dollars

case study



“Our front cover project clearly indicates savings in the tens of millions of dollars. Additionally, we believe that we can capture incremental sales in the tens of millions. The revisions that we’re making in the media mix next year will increase our advertising effectiveness significantly and lower our advertising cost. All total, we

can realize and reduce our advertising expense by nearly fifty million dollars next year and reapply those resources in other, more productive areas, more effective advertising vehicles. So this is really good stuff,” said Dale Pond, Executive Vice President of Marketing for Lowe’s.

Pond provided details of the MVT® (Multivariable Testing) effort he embarked upon several years ago: “Brainstorming sessions involved marketing, merchandising, advertising, store operations, logistics – all these different operating groups within the company. People felt that they had an opportunity to contribute and have ownership in the outcome of the program. These sessions generated over 2,000 ideas.”

“Our next step was sorting through the ideas. Ideas could only be rejected if they couldn’t be done within the timeline, if they were too expensive to implement on a continuing basis, or if we simply were incapable of getting them done. So the front cover project was narrowed down to twenty-nine different ideas ranging from color vs. black and white, the number of items on the cover, products on the front cover, pricing of those items, cartoon characters vs. real people, and drop dates.”

“The test could have involved 538,870,912 different possible combinations of the ideas, but we had to actually test only thirty-six to get the answer we were looking for. That’s what I like about MVT®!”

Pond then described the media mix test ideas, explaining, “We had sixteen different variables, most of them issues that had plagued me throughout the years. Issues like how much radio we should buy, time of day, use of color in newspaper ROP, TV weight levels, or if we even needed TV.”

“Results are what keep the momentum of the effort strong,” Pond noted. “By the time that the results were filtering out, even the skeptics became interested, if not absolutely, totally committed. We found that most people will buy into the idea that only twenty-five percent of the things that we do actually help, twenty-five percent of the things may hurt, and fifty percent of the things probably really don’t matter.”

“Lowe’s creative talents, combined with the technical expertise of QualPro proved to be a very powerful, very stimulating, exhilarating, and really pretty exciting exercise. Maybe most importantly, it’s proving to be a very profitable exercise.”

“Don’t wait,” Pond recommended to other companies, “because you’re losing sales, you’re wasting valuable resources, and you’re probably continuing to do things that actually hurt your company.”