



## Market Test To Perform The Best By Tony Streeter

As former Director of Marketing and new product development for both Deluxe and Harland-Clarke, Tony Streeter has worked with some of the largest financial institutions across the country. In this Industry Insight, Tony discusses the value of utilizing a market test approach to measuring marketing effectiveness.

Struggling companies and financial institutions alike are always looking for the “silver bullet” that will turn everything around. Desperate, novice marketers take their marching orders from senior management and scurry around shooting at everything that moves. Mature marketers know that there is no silver bullet, but rather a target ahead that will take many focused shots and adjustments for key learnings, before hitting the bull’s-eye.

Unfortunately, most companies do not have the patience required to go through the learning process. In fact, I’ve experienced numerous go, no-go decisions made based upon knee-jerk reactions to initial research results. Marketers would love the opportunity to refine their approaches and test new elements, but are rarely given the opportunity or budget. Internal skeptics and anxious leaders are ready to change business strategies and jump onto the next promise of splendor rather than going back to that “thing” with marginal results.

So what can be done to help both the marketer and executive achieve their collective goals? The answer is market test.

Sometimes known as multivariable testing (MVT®), marketing testing gives marketers the ability to test multiple recipes within smaller sample sizes and collect a vast amount of information within a fairly short period of time and usually at a lower cost than one large test.

### **An Example**

I was performing a market test on life events and their impact on financial product decision making.

I wanted to understand if an individual experiencing a particular life event was more prone to product purchase (the hypothesis), but I knew that I needed to try various messages, products, incentives, creative treatments and channels (phone, direct mail, etc.) to find an approach that hit the bull’s-eye.

With limited budget and a big challenge, I enlisted the help of QUALPRO® (qualproinc.com) to help me construct an MVT model. There is a science to the creation of the model so that sample sizes deliver statistically valid results and the positive and negative elements balance themselves out.

After providing all of the testing criteria, we created a model consisting of sixteen “recipes”. Half of the sixteen “recipes” contained each test factor (along with a specific selection of some of the other elements) and half did not. This enabled us to evaluate the impact of that factor in the “recipes” which contained it versus those which did not. The beauty of the MVT® design is that this “half on, half off” setup is in play for all of the factors being tested, which provides a statistically powerful basis to evaluate their impacts, even while other factors are being tested simultaneously.

Think about making sixteen cakes with all of them similar except for a few selected ingredients and baking them all at once. After creating the model and determining the sample size, I was able to determine the overall budget. I knew how many unique direct mail pieces, phone calls, gifts, etc. would be necessary to conduct the overall test.

### **A good project plan is a must for MVT® execution.**

You might be using an external direct marketing firm, an internal call center, and a gifting platform from yet another third-party.

Everyone has to be onboard and held accountable. Weekly meetings to confirm everything is moving forward on all fronts is necessary and nothing should be left to chance or interpretation.

If an outbound call is supposed to follow a direct mailing at the two-week point and it happens in week three, that could tank your results.

If the mailing lags a week and the call happens as planned, it was too soon and you wasted the call. But we all know the importance of execution, so I’ll move on.

Every marketer holds their breath when the results start coming in – it’s only natural. But I’ll tell you what... I’d rather have sixteen chances finding a gold nugget versus only one.

Maybe you will get lucky and one of the sixteen will blow away the others. What you will probably find in looking across the top two or three best performing recipes are a few nuances that, once combined, will provide great results.

Now when addressing the internal skeptics, you will be able to present a scientific approach to market testing that returned valid results and provided clear direction to either proceed or abandon – no more knee-jerk reactions.

Multivariable market testing allows the marketer to test multiple strategies at a speed that appeases senior management. Everybody goes home happy.

### **About the author**

This Industry Insight was provided by Tony Streeter. Tony Streeter has worked with some of the largest (and the smallest) financial institutions across the country as former Director of Marketing and new product development for both Deluxe and Harland-Clarke. His transformational strategies help banks and credit unions attract, grow and retain customers.

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