

Use case: Running experiments with radio advertising

Case:

An HVAC company wants to test if their radio advertising spend actually drives consultation bookings. They track their spends in all channels (radio, online, print), but are unable to separate out by geography.

Approach *without* King Street Economics:

The company decreases radio ad time for one month, and the number of consultations booked increases despite the dropped channel. However, unbeknownst to them radio advertising was working, but there was a heat wave during that month which drove enough inquiries to overcompensate for dropped radio. They drop radio permanently, and lose out on future revenue as a result.

Problems with this approach:

- Their approach was unable to control for external factors, like temperature
- They failed to model what the sales would have been in the presence of radio advertising
- Difficult to precisely estimate an effect size—how much did they save per booking?
- Middle and upper management are busy making the business actually run—it isn't cost effective for them to take time to clean and analyze experiment data

How King Street Economics could help this firm:

- Use advanced statistical modelling to understand what would have happened in a world where radio spend was not decreased (the counterfactual)
- Calculate the minimum length of time to run the experiment to obtain valid results
- Analyze the post-experiment data to calculate the actual effect of radio advertising on consultation bookings
- Translate the experiment results into a recommendation of whether to decrease radio spend, and if so, by how much
- Present results in a clear, easy to digest report with an accompanying slide deck

Want to run an experiment like this?

Email contact@kingstreeteconomics.com to schedule a free consultation.