

Foreword:

By Steven Levitt, Award Winning Economist and author of Freakonomics

There are two kinds of problems in business. Messy ones and neat ones. Inventory forecasting is an example of a neat problem. You can go in and count the inventory in the morning, then count it again in the evening and calculate the depletion and replenishment needs – model it and become more efficient. It might not be easy to develop the tools for optimal control of inventory, but at least the problem is well defined and everything is easy to measure.

Then there are the kinds of problems I like. The messy ones. The ones where it is hard to even know what the right questions to ask are. And once you ask the right question, figuring out how to answer it isn't easy either. These are the kinds of problems that people tend to fall back on conventional wisdom to answer, but these are also precisely the problems where conventional wisdom is most likely to be wrong.

Marketing falls into the messy category. It is messy, because there are lots of variables like competitive spending, unobserved fluctuations in demand, a complex array of intersecting media. It is messy because people generally do not spend their marketing budget at random. For instance, big electronics firms advertise more before Christmas. Are their sales high that time of year because they advertise more, or do they advertise more because their sales are high at that time of year? It is hard to know for sure. Marketing is messy, but not impossible. In particular, as the authors of this book so convincingly show, the key to solving the thorny problem of measuring and managing marketing expenditure is experiments. Randomization, so long the gold standard in

scientific research, has the power to cut through the Gordian knot of advertising and marketing complexity. *What Sticks* will show you how to use these tools – remarkably simple ones it turns out – to show you what works and what doesn't in your own campaigns. The book pinpoints where marketers waste billions, and how anyone in marketing can put in place processes and measurements to significantly improve the ROI. The fact that the book is built on a foundation of data rather than speculation and hype makes *What Sticks* a rarity among advertising and marketing books. This book offers a fundamental challenge to existing marketing conventional wisdom. It is going to rile a lot of feathers. It may get messy – just the way I like it.

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