

CONJOINT ANALYSIS

WHEN TO USE CONJOINT ANALYSIS?

While consumers can usually tell very well, which product they prefer, it is often difficult to assess directly which product features have the highest appeal and affect the purchase decision most strongly – especially because consumers often have difficulties saying how much they like the different features of a product, e.g. the brand, size, price or packaging.

With a conjoint analysis Epinion measures exactly this. It gives answers to how changes in prices affect demand for products and forecast the likely acceptance of a product. The method is especially relevant when designing new products, estimating brand equity and measuring price sensitivity.

Thereby, conjoint analysis helps us answering a variety of questions such as:

- What characteristics should my product consist of so that consumers prefer it?
- What products should I provide? Which assortment?
- What characteristics of the product are the consumers willing to pay for? What happens if the price of my product is reduced? Or if my competitors change the price?
- What segments are attracted to the product?

HOW DOES IT WORK?

The method imitates a real life purchasing decision. Instead of asking consumers directly about specific product attributes, we will make consumers choose between different series of realistic – but different – bundles of product features. The choices of each consumer latently reveal his or her preferences and ranking of products attributes. The preference and importance of the product features can be assessed reliably due to the random combination of product features.

This allows us to estimate the rank of product features on both the consumer- and market level. Hence, conjoint analysis is an ideal method to estimate optimal price levels for a given mix of product attributes and to predict market preferences for a number of competing products.

It has the advantage to reflect a realistic purchase situation and forces respondents to make choices that are revealing to their true preferences and trade-offs of product features, rather than making them artificially think about specific attributes which would not be part of their natural purchase decision.

REPORTING

The results are communicated in an easy-to-understand way with clear conclusions and actionable recommendations based on our years of experience.

CONTACT US



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