# Adaptive Choice Based Conjoint (ACBC)

**SKIM**
decision behavior experts

**Adaptive Choice Based Conjoint** (ACBC) is a discrete choice modeling technique which adapts the frequency of attribute levels to individual respondent's preference. The conjoint exercise is a tournament of relevant concepts that are created via a Build Your Own and screening exercises. It is often used in "summed pricing", i.e. the price shown is a function of underlying features.
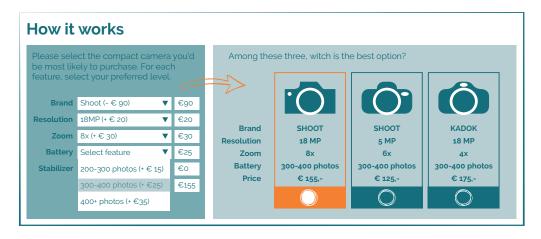
## What can you use ACBC for?

When you want to optimize configuration and pricing of a product, a bundle of products or a complete portfolio in a complex market - such as telecom, technology or professional services – with many different products and product features.

- Portfolio optimization: Which products/services to offer, and at what price?
- Bundling: which products to bundle in various packages?
- Which product features are key purchase drivers?
- Understanding customer price sensitivity
- Willingness to pay for each feature

## When to use

+ Complex markets with many different products or services
+ High number of product attributes and levels, to overcome the risk that concepts shown are not appealing to a respondent and to focus only on most appealing concepts
+ Need to ensure that each concept is shown at a realistic price

## How it works



Please select the compact camera you'd be most likely to purchase. For each feature, select your preferred level.

| Brand | Shoot (- € 90) ▼ | €90 |
| Resolution | 18MP (+ € 20) ▼ | €20 |
| Zoom | 8x (+ € 30) ▼ | €30 |
| Battery | Select feature ▼ | €25 |
| Stabilizer | 200-300 photos (+ € 15) | €0 |
| | 300-400 photos (+ €25) | €155 |
| | 400+ photos (+ €35) | |

Among these three, witch is the best option?

| | SHOOT | SHOOT | KADOK |
|---|---|---|---|
| Brand | | | |
| Resolution | 18 MP | 5 MP | 18 MP |
| Zoom | 8x | 6x | 4x |
| Battery | 300-400 photos | 300-400 photos | 300-400 photos |
| Price | € 155,- | € 125,- | € 175,- |

## Benefits and limitations

+ Concepts & trade-offs generally **more relevant** to respondents – improved engagement as well as statistical read leading to **better predictions**

+ More i**nteractive** as it builds up from 3 parts: a Build Your Own (BYO), screening and tournament

+ More **accurate individual-level predictions** and market simulations, especially if respondents employ non-compensatory processes

+ **Summed pricing** option avoids showing great products at low prices or bad products at high prices

– **Danger of imbalanced design:** statistical design is created on-the-fly where multiple prohibitions or BYO attributes with a lot of levels will impact **model robustness**

– 3-4 steps conjoint (BYO, Screener, Tournament) usually requires **more response time** than a CBC

– **Not most suitable technique** when trying to **optimize one single product/service** as the displayed concepts are built around respondent specific preferences which could be very different from final realistic product/service.

## What you get out of it

**Market Simulation Tool** to test impact of product/portfolio changes on preference shares, for total sample or sub-groups

**Segmentation** (e.g. Latent Class) based on similar preference structures

**Share, Revenue and Profit calculations** to understand impact of various scenarios

**Scenario Runner/Optimizations** to calculate best product/portfolio

**Price elasticities** to understand the willingness to pay for various features

**Are you interested in applying ACBC? Contact us today!**

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