# Choice based conjoint (CBC)

SKIM
decision behavior experts

**Choice Based Conjoint** (CBC) is a discrete choice modeling technique that uses trade-off tasks in which respondents reveal their preferences towards the concepts or products and individual elements thereof by choosing between different product offerings. The concepts shown are composed of levels of different attributes and vary within and between choice tasks.

## What can you use CBC for?

To understand trade-off behavior and to optimize configuration and pricing of a product / portfolio.

- Product optimization: which features combined create the best product?
- Portfolio optimization: which products/services to offer, and at what price?
- Which product features are key purchase drivers?
- Trade-off analyses: how important are different features compared to the others?
- Understanding customer price sensitivity

You need to optimize a portfolio and pricing offer taking into account a lot of products/SKU's? Check out our Pricing Conjont offer!

## When should you use it?

CBC is the most flexible method which can be used for any product configuration. It is preferred over other conjoint methods in case:

- of a multi-attribute study when just a couple of products need to be configured
- one wants to develop a new product and wants to know what consumers prefer
- there are complex design rules to make the scenarios realistic

## How it works

Choice between different products - Sets of different combinations of attribute levels

If these were the options available to you when buying a new compact photo camera, which would you choose?

| | | | |
|---|---|---|---|
| Brand | KADOK | SHOOT | KADOK |
| Resolution | 3 MP | 5 MP | 18 MP |
| Zoom | 8x | 6x | 4x |
| Stabilizer | Yes | No | No |
| Price | € 180 | € 140 | € 120 |

## Benefits and limitations

\+ **Interactions** and **trade-offs** between attributes can be analysed

\+ There is **full flexibility in the design** of the exercise to make the purchase situation setting as **realistic** as possible by not showing impossible situations

\+ One has **control** over the statistical design to make sure the frequencies of the levels shown are **balanced**

\- Should only include a **limited number** of attributes (max 8-10) to **avoid information overload** (general conjoint limitation)

\- The CBC is **not adaptive** which could lead to a larger sample size requirement compared to ACBC/PBC especially when testing a lot of attribute (levels)

\- CBC chooses between pre-defined products so it is not as representative in case a customer could actually pick and choose (menu)

## 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

**Features value**
to understand the price the sensitivity of respondents for various features

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

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