Menu Based Conjoint (MBC)

SKIM
decision behavior experts

Menu Based Conjoint (MBC) is a methodology developed for the analysis of choice situations in which the consumer can compose his/her own product or service. In this setup, respondents can select different complementary products/items and, upon choosing a "set" or "bundle", can get a better package price i.e. value deals.

What can you use MBC for?

To optimize configuration and pricing of a product, a bundle of products or a complete product portfolio in complex markets with many different products and features, such as telecom, technology or professional services.

- Menu Optimization: content and prices of each item/feature
- Bundling testing: which items should be included in the bundles and what
- Understanding willingness to pay/price sensitivity for the available items/features
- Understanding interactions between various items

When should you use it?

- When one wants to **mimic the real-life purchase choice** that is based on a **menu/selection of multiple products/elements**
- When one is interested in the **attractiveness of stand-alone features** instead of when they are offered within a package
- When one needs to **optimize price** of each item or stand-alone feature

How it works

Please look at the scenario below carefully and then choose your most preferred options for your essentials, premiums and extras.
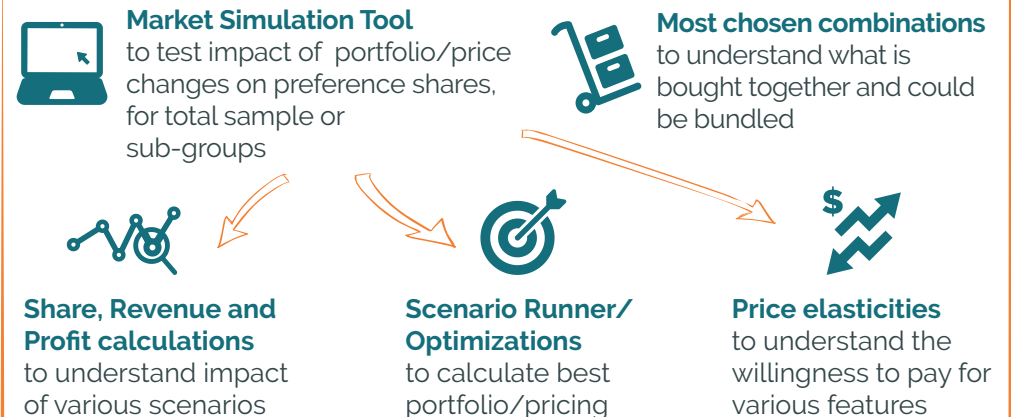
Choose base package				Choose premium content				Choose extras			
Movies	€ 10	ADD		Live sport	€ 20	ADD		Standard decoder	€ 0	✓	
TV Shows	€ 15	✓		Latest movies	€ 15	ADD		Wireless decoder	€ 15	ADD	
Sport	€ 15	✓		Golf channel	€ 10	✓		HD content	€ 15	ADD	
Kids	€ 10	ADD		Reality channel	€ 5	ADD		Multiroom	€ 35	ADD	
Documentaries	€ 10	ADD		Adults channel	€ 30	ADD		Mobile access	€ 30	ADD	
Take all	€ 60	ADD		Unlimited music	€ 15	✓					
								Total price per month	€ 55,00		

Benefits and limitations

- **+** **Replicates** more accurately the consumer decision making process when consumers can **build their own product or services**
- **+** Provides the possibility to **model follow up choices** and **measure granularly the various interaction effects** (unlike CBC).
- **+** Gives the **price sensitivity per feature** that can be chosen separately
- **+** **Full flexibility** to create and exercise which also provides the ability to test a lot of options
- **+** It can be combined with a Choice Based Conjoint to test the **combination** and interaction of a **choice of a package with the price sensitivity for add-ons** (Hybrid CBC-MBC)

- **−** MBC is **more complicated** to execute than standard CBC
- **−** Standard solutions **do not integrate competition** since this would make the exercise too complex for a respondent in most cases.

What you get out of it

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

Most chosen combinations to understand what is bought together and could be bundled

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

Scenario Runner/ Optimizations to calculate best portfolio/pricing

Price elasticities to understand the willingness to pay for various features