

# Preference Based Conjoint (PBC)

Preference Based Conjoint (PBC) is a discrete choice modeling technique developed by SKIM, which combines advantages of CBC and ACBC. It adapts choice tasks to individual respondent's preferences, while still having control over the statistical design, to make sure products on screen are relevant *and* realistic.

## What can you use it 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.

- 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 should you use it?

- Complex markets with many different products or services
- High number of product attributes and levels
- High chance of showing basic/cheap concepts at high price and vice versa
- Manual design of the conjoint modules is preferred

## How it works

Regular questionnaire builds respondent consideration set:

Please select your favorite brand of compact camera:

- ☐ SHOOT
- ☒ KADOK
- ☐ SANNA PONIC
- ☐ NOKIN

This information is then used to boost occurrence of relevant aspects to the respondent:

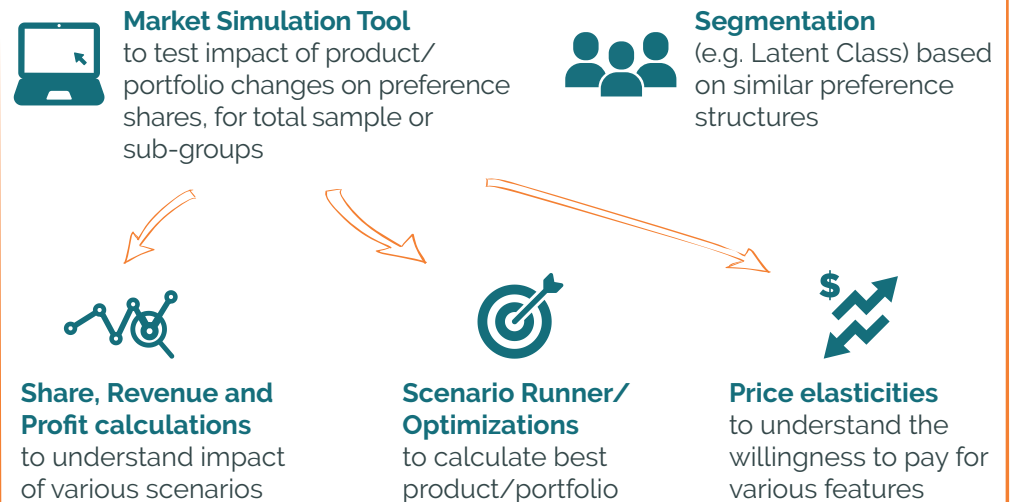
Among these three, which is the best option?

Brand	Resolution	Zoom	Price
KADOK	3 MP	8x	€ 180
SHOOT	5 MP	6x	€ 140
KADOK	18 MP	4x	€ 120

## Benefits and limitations

- + Concepts & trade-offs generally **more relevant** to respondents – improved engagement as well as statistical read leading to **better predictions**
  - + **Full flexibility** in deciding how much you want to funnel the consideration set
  - + **More accurate** individual-level predictions and market simulations, especially if respondents employ non-compensatory processes
  - + **Summed pricing** can be applied to avoid showing high value products at low prices or basic/products at high prices
- **High number of prohibitions** may impact model robustness
  - Not suitable when **optimizing one single product/service**

## What you get out of it



Are you interested in applying PBC? Contact us today!

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