

CONJOINT analysis

What is CONJOINT analysis?



What basis does the customer really make decisions on?



Do they create demand of the brand or is it its price or anything else?

- The CONJOINT analysis is a method that is currently used to answer these questions most often. It represents a **multi-factor analysis**, which does not work with only one attribute but **it deals with more attributes of decision-making at once**.
- The reasons of popularity of this method are simple - it is a research technique that allows you to reply to the "business issues". It enables generalizing the individual behaviour to a wider whole. In other words, the conjoint analysis simulates the customer purchasing decisions, which is model though, but the essential attributes are included.
- The key outputs of conjoint analysis include:
 - **quantification of impacts (so called attributes) to demand**
 - **a preference of options (so-called levels of attributes – it means the single variants of attribute options)**
 - **so-called unspoken price (reservation price)**
 - **a simulation of future scenarios development**

What are the main advantages of CONJOINT analysis?

- ☺ **an ability to realistically quantify the brand price advantage over competitors**
- ☺ **an ability to determine significance of various factors involved in the decision-making process at the subconscious level**
- ☺ **quantification of what the real benefit for customers is**
- ☺ **an ability to simulate the future behaviour in the market in case of changes in the pricing policy, benefits, etc.**
- ☺ **the conjoint analysis is a very well utilized technique in HR research that seeks the response to employee motivation, salary importance, benefits, working conditions, etc.**

CONJOINT analysis - CA

ATTRIBUTES / levels of attributes

ATTRIBUTE	Levels of attributes			
	Brand A	Brand B	Brand C	Brand D
brand	Brand A	Brand B	Brand C	Brand D
solubility	Synthetic colour	Water-soluble paint		
quick-drying paint	yes	no		
coat of paint	classic	2v1	3v1	
Price per 1l	180 CZK	206 CZK	212 CZK	229 CZK

CONJOINT analysis - CA

Importance of attributes

