



Searching for the Market Research Holy Grail – Using Adaptive Choice-Based Conjoint to Achieve Better Information and Better Decisions

While providing the highest quality research designs and output depends on having a firm grasp of the fundamentals, it is critical for all researchers to stay knowledgeable about the new tools impacting our industry. Because we pride ourselves on offering creative solutions to tackle the most complicated business issues, DDW is constantly evaluating new tools to bring greater value to our clients.

Knowing that you may not have the time or resources to assess every new thing that hits our industry, we wanted to take a moment today **to inform you of one such tool that has recently become available and has the potential to vastly improve the quality of your research and your decision-making.** This tool is **Adaptive Choice-Based Conjoint (ACBC).**

As a beta tester for Sawtooth's new Adaptive choice-based conjoint program, we can speak directly to the fact that this offering, when applied correctly, not only leads to better results but offers a superior experience for respondents. Both benefits link directly to what we all want to achieve in our research design - an engaging experience that provides us with powerful insights. This speaks directly to what Bryan Maach, VP of Market Research at Cisco, recently mentioned as a key topic of interest - relevant space survey design (for more, see his definition in Wikipedia).

Traditional choice-based conjoint (CBC) is a widely used, and often effective, technique that closely emulates how buyers make decisions. However, there are circumstances where traditional CBC can be less than ideal:

- For products and services that have a relatively wide range of features, the choices presented to a respondent may be far away from his/her ideal
- If a respondent is heavily influenced by a specific attribute, there may not be enough choices shown to accurately reflect his/her preferences.

These pitfalls can *result in insights that are less reflective of true market dynamics, leading to sub-optimal decisions.*

To address these issues, ACBC takes respondents through a multi-phased exercise that accounts for “must haves” and “non essentials” to develop a survey that presents choices that are more relevant to a respondent and, as a result, make the decision more challenging. The result is greatly improved data quality and better predictability.

To summarize the process...

- Respondents start by creating an “ideal” offering from the features being tested.
- From this “ideal” a set of options, some close to that “ideal” and some more distant, is generated by the program. Respondents are asked which of these they would consider. Based on these responses, they are then asked questions to establish their “must have” and “non-essential” features.
- From here a customized choice exercise is built that operates much like a traditional CBC but is tailored to the preferences of the respondent, allowing us to capture information that better reflects priorities.
- These choices are validated with a few final questions, and, using all the information captured, a model is built.

An independent evaluation of the user experience showed that respondents were much more likely to say ACBC made it easier to give realistic answers that reflect actual buying behaviors.

DDW and our clients have already seen the value of this approach in practice. In a recent test about medical device features, where configurations could vary from \$5,000 to more than \$200,000, we were able to use ACBC to streamline our test while getting more reliable results. With traditional CBC, we would have had to build and analyze separate models for different segments based on ingoing assumptions about price tiers that may not have reflected reality.

The key takeaway is that we have the ability, now more than ever, to improve our research by designing tasks that account for, and are tailored to, individual respondents.

If choice-based approaches are part of your current repertoire, or if you are interested in applying these approaches in the future, please feel free to contact us for more information. We'd be happy to discuss how ACBC can help you achieve your business goals.