

# Choice Modelling

An introduction

# Who are we and why we are here

SurveyEngine has 8 years expertise in high end econometrics and software.

We developed software enabling a rapid and scientific way to read consumer preferences and make predictions.

We are going to show how to use science to solve a common marketing problem

# a classic marketing problem

A breakfast cereal manufacturer was about to begin a new marketing campaign.

Faced with many alternatives and limited space, they wanted to know what product statement they should use in their communications.

What were the triggers that would encourage consumers to buy more?

What was the best possible way of presenting their product?

They had less than one week to make a decision.

# the solution

A Choice Experiment was used.

Choice Experiments are regarded by economists as the most powerful method that currently exists to predict human behaviour.

Until recently, Choice Experiments have been an expensive, complex and lengthy exercise.

By the application of software; online respondent panels and pre-fabricated methods, Choice Experiments can now be turned around within 3-4 days at a fraction of the cost.

# STEP 1

31 statements were generated by creative with various emphasis on..

- Ingredients
- Health benefits
- Taste
- Source
- Copy tone and style

## **Sourced from:**

Australian producers  
Fair-trade farms  
Organic certified

## **One bowl everyday provides:**

22% Riboflavin  
35% Niacin  
30% Dietary fibre

recommended daily intake

**A unique combination of bran and wholegrains bursting with natural goodness**

**Low in salt, high in goodness**

## STEP 2

The statements were presented, three at a time to a test group.

The test group then selected both the 'best' and the worst.

The image displays a choice experiment interface with three product cards and two selection questions. Each card is a green bowl with a blue label and a green base. The cards are:

- Card 1:** "a unique combination of bran and wholegrains bursting with natural goodness".
- Card 2:** "Sourced from:" with a list: "✓ Australian producers", "✓ Fair-trade farms", "✓ Organic certified".
- Card 3:** "One bowl everyday provides:" with a list: "✓ 22% Riboflavin", "✓ 35% Niacin", "✓ 30% Dietary fibre", and "recommended daily intake".

Each card has "750g NET" and "SERVING SUGGESTION" written on the green base. Below the cards are two rows of selection questions:

- Question 1:** "Which would you MOST likely buy?" with three green buttons, each containing "● This one".
- Question 2:** "Which would you be LEAST likely to buy?" with three orange buttons, each containing "● This one".

This was repeated systematically with different sets of statements.

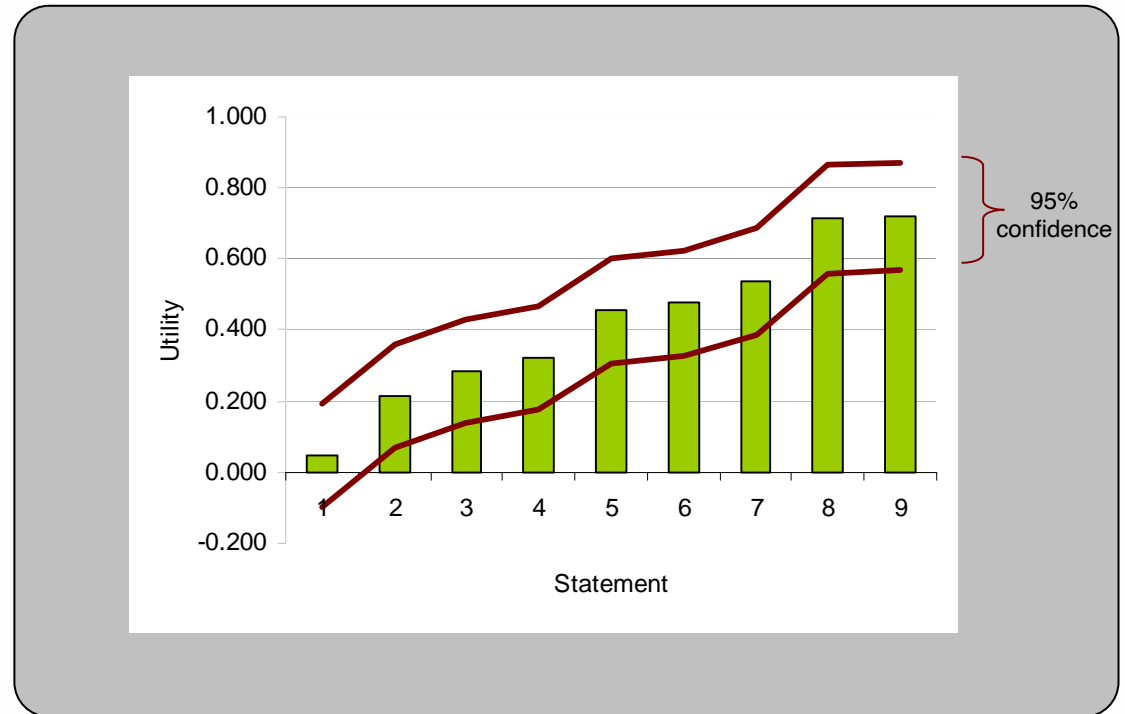
The forced trade-off and systematic presentation is known as a choice experiment.

## STEP 3

The data was analysed and a 'choice model' created.

The vertical scale shows 'utilities' – these are a direct measure of 'probability of choosing'.

**Note** - results have clear statistical significance.



# best 3 statements

Utility	Statement	
0.818	<p><b>One bowl of ABC everyday provides:</b></p> <ul style="list-style-type: none"><li>✓ 22 % of your minimum daily riboflavin requirement</li><li>✓ 30% of your fibre requirement which may help lower cholesterol</li><li>✓ Omega 3 from grains which is good for your heart</li></ul>	All statements use bullet points for details
0.772	<p><b>Get your day started with ABC's delicious mix of wholegrains and nuts. One bowl everyday helps your manage your weight by providing:</b></p> <ul style="list-style-type: none"><li>✓ 25% less sugar than other Breakfast cereals</li><li>✓ Lower fat than all other Breakfast cereals</li><li>✓ 30% Rec. Daily Intake dietary fibre to keep you feeling fuller for longer</li></ul>	All statement include 'One bowl everyday'
0.642	<p><b>Deliciously crunchy ABC has been developed to maintain your wellbeing. One bowl everyday provides:</b></p> <ul style="list-style-type: none"><li>✓ Low GI from Oats and Barley for sustained release of energy through the day</li><li>✓ Omega 3 to help maintain a healthy heart</li><li>✓ Natural Dietary fibre to maintain your digestive health</li></ul>	Highly specific health claims

# worst 3 statements

Utility	Statement	
-0.658	<b>Developed to include a unique combination of healthy nuts and grains which help growing bodies grow</b>	Short statements
-0.717	<b>Delicious Oats and Barley are a great source of energy for young active people</b>	All are age specific
-0.823	<b>Developed to deliver natural sources of nutrition and energy for kids</b>	Vague claims

# insights

As well as finding the top statement, common attributes among the top statements informed what was driving choice, such as

- Highly specific health benefit claims
- Clear bullet point layout allowing those claims to be read
- A specific call to action - 'one bowl everyday'

# outcome

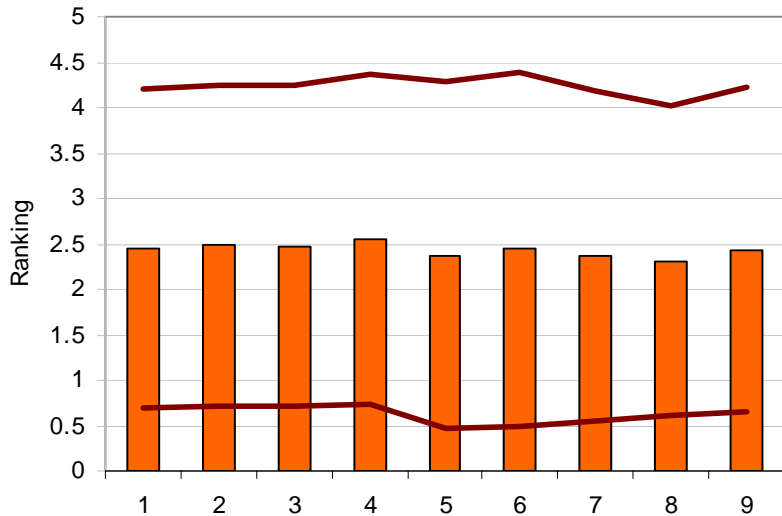
The client implemented the predictions of the Choice Model in their communications strategy and packaging.

The product experienced a 20% increase in sales.

# rating versus choice modelling

In the same experiment, the test group also rated the same statements from 1 to 5

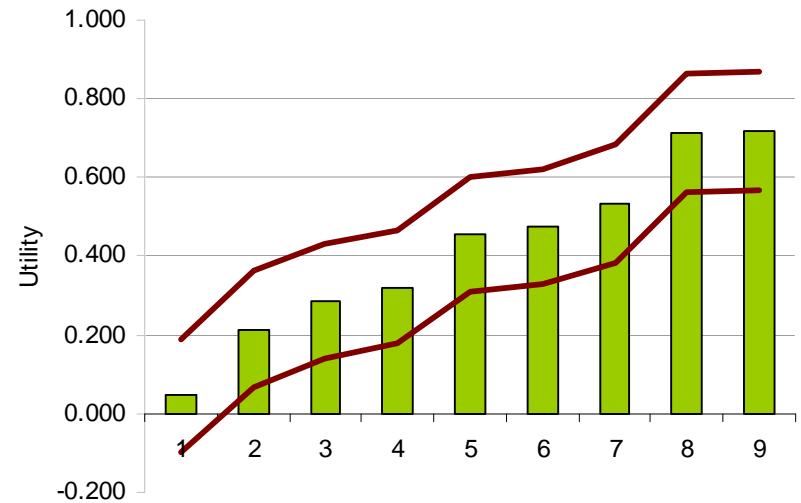
## Rating



Rating for this exercise yields no useful information whatsoever.

The reason for this is respondents rank most of the statements identically because they are hard to differentiate.

## Choice Model



The Choice Model however produces clear meaningful and statistically significant results.

Choice Experiments force a choice tradeoff as in the real world. The complex modelling extracts that crucial information.

# summary

- Choice-Modelling is a powerful tool for clarifying what features customers want and what messages they respond to.
- It has superior power to all other quantitative research methods.
- It is suited to promotion, new product development and communication of product features.
- Can now be turned around rapidly and inexpensively.

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