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Subject Area	Produktmanagement
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Marc Billeter

Customer data as key to success

Execution of a conjoint analysis to determine customer preferences and willingness to pay

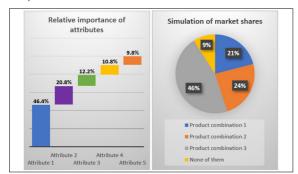Washbasin and washbasin cabinet of the Geberit ONE series
source: figure of Geberit AG

Simplified presentation of the simulated purchase situation in the conjoint analysis
Own presentment

Example presentation of relative importance of attributes and simulation of market shares
Own presentment

Initial Situation: Offering products that meet customer needs is highly relevant in order to secure long-term sales and earnings. The knowledge of customer preferences and willingness to pay forms the basis for a successful customer-oriented product development. The successful integration and application of customer data pose key challenges for companies. In order to transfer information about customer needs and preferences to product design in a useful way, a reliable and valid database is required that is not only characterized by quantity, but also by quality. As a result of an acquisition, Geberit AG established its new Bathroom Systems division in 2015. The new division sells products like washbasins, cabinets and toilets. It is the main division with end-customers as decision makers. Due to the new orientation and the new target consumer group, Geberit AG is required to collect information about the end-customers in order to continue its successful product development.

Objective: The objective of this thesis is to conduct a choice-based conjoint analysis in the German market to collect end-customer information. The survey determines preferences and willingness to pay for a total of eight performance attributes and their attribute levels pertaining to the washbasin and the washbasin cabinet. The realization of the analysis takes place in cooperation with an external market research institute. The choice-based conjoint analysis is a multivariate research method that differs from other market research methods as it conducts the simulation of real purchase situations (see middle Figure). Through the application of statistical calculations, preferences and willingness to pay are evaluated based on the selected combinations. A further objective is to demonstrate how the collected data of a conjoint analysis can be interpreted and incorporated into the company's decision-making process. For this purpose, three subject fields which are of particular interest for Geberit AG, namely drain position, washbasin type and storage availability, are examined. Current assumptions regarding preferences and willingness to pay are verified with the help of market simulations that were enabled by the evaluation of the conjoint analysis. Based on the verifications and further findings of the survey, recommendations for action are derived for the corresponding subject fields.

Result: The key results derived from the conjoint analysis are the level part-worth utilities that indicate the preferences of the individual attribute levels. The relative importance of attributes and the market simulations can be generated based on the level part-worth utilities. The higher the relative importance of the attributes, the more decisive influence it has on the buying decision. The most common market simulation is the replication of product related market shares. The market shares indicate purchase likelihood of the product combinations on condition that only these options are available on the market. In addition to the market shares, the conjoint analysis enables the simulation of the optimal price points for product combinations, as well as the optimal price premium for individual attribute levels. The results of the analysis enable a careful examination of the three subject fields and provide a valuable basis for deriving recommendations for action.