conceptLAB
A flexible, on-demand approach for evaluating concepts and innovations
Introduction and contents

We understand that the innovation process is critical to the success of your business and that you need an effective approach for evaluating concepts along the way.

Concept tests come in all shapes and sizes, but you can’t constantly be wondering what the best tool for the job is. We’ve taken some of this guess-work away here by providing a flexible set of tools as well as guidance on which approaches work best for different testing scenarios.

We hope that this can serve as a useful starting point to help in customizing an effective concept testing program for your specific needs.

Contents:

1. Brief introduction to Equation and our approach to concept evaluation
2. Description of modular concept testing components
3. Deliverables
BRIEF INTRODUCTION TO EQUATION AND OUR APPROACH TO CONCEPT EVALUATION
A dynamic research partner with extensive experience in concept evaluation

Equation’s conceptLAB program:

✓ Fully customizable concept testing solutions that can adapt to your unique needs

✓ Significant experience evaluating concepts, so we can help you apply the right tools at the right times

✓ Innovative, tailored deliverables that drive smart business decisions

Working with over 200 national brands across a wide range of industries, our experience includes testing ideas, products, services, innovations, positioning platforms, features/benefits, names, logos, taglines and more.
With Equation, you’ll find the flexibility, tools, thinking and partnership required to make your concept testing program a success

Putting Each Client’s Unique Needs Front and Center

We know that a rigid, one-size fits all approach to concept testing simply doesn’t work. Equation has developed a concept testing program that puts you, the client, at the center. Providing you with sophisticated tools and analysis along with a laser focus on producing actionable results you can use to improve go-to-market decisions.

Having the Right Tools and Being Flexible

Our concept testing program is a modular set of research tools that we’ve found to be extremely useful for solving a myriad of business issues. It gives you the options you need at the times you need them. The goal is to always be flexible, nimble and able to adapt to your specific business issues.

Developing a Continuous Feedback Cycle Based On Real-World Results

Concept testing doesn’t end with the delivery of the results. After implementation, we look closely at in-market data with our clients and help them to choose and assess the best metrics of success. Sometimes this is sales or revenue, other times it might be traffic, returning customers, new customers or a host of other metrics that best measure the brand’s strategic goals. We use these post-launch studies based on real-world data to constantly feed learning back into the loop, honing and improving the process each time.
DESCRIPTION OF MODULAR CONCEPT TESTING COMPONENTS
## Tools to construct a flexible, on-demand concept testing solution for your business and innovations

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<th>When to use</th>
<th>Why</th>
<th>Output</th>
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<td><strong>Monadic/Sequential Testing</strong></td>
<td>Understanding if differences exist between similar concepts</td>
<td>‘Bread and butter’ of concept testing – simple to set up and execute</td>
<td>Standard reports showing which concept ‘won’ (as well as various custom diagnostics)</td>
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<td><strong>Choice Modeling</strong></td>
<td>Tweaking and refining existing concepts</td>
<td>Choice models are concerned with trade-offs – best to use to test different parameters of existing concepts</td>
<td>Choice Model simulator – Excel based tool for understanding concept results</td>
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<td><strong>Maximum Differential Eval.</strong></td>
<td>Particularly useful for rating and prioritizing attributes</td>
<td>Can handle a large number of attributes for any concept and determine relative appeal</td>
<td>A clear ranking of attributes, identifying those that are preferred (“Best”) and those not of interest (“Worst”)</td>
</tr>
<tr>
<td><strong>Hybrid Qualitative Approaches</strong></td>
<td>Early stage concept design</td>
<td>Easy to get very detailed/specific feedback on concept prototypes</td>
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<td><strong>Driver Analysis</strong></td>
<td>Early stage concept development when looking to understand drivers</td>
<td>Gives a broad view of what motivates consumers – useful for concept development</td>
<td>Regression/correlation strength of market drivers</td>
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<td><strong>Pre-Post Brand Equity Concept Eval.</strong></td>
<td>Concept impact on parent/sub-brand when changes are subtle</td>
<td>Primes respondents to assess the brand impact of a new concept</td>
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<td><strong>Market Sizing</strong></td>
<td>Existing, well defined concepts almost ready to launch</td>
<td>Determines viability of a concept’s potential revenue using purchase intent</td>
<td>Potential revenue per concept</td>
</tr>
<tr>
<td><strong>Price Optimization</strong></td>
<td>Existing, well defined concepts almost ready to launch</td>
<td>Consumers need to see almost finished concepts for price optimization</td>
<td>Either as part of a Choice Model, or price elasticity graphs</td>
</tr>
</tbody>
</table>
The following sections provide additional detail, question examples and sample deliverables for each component below. You can also click directly on the links below to skip to a specific section of interest.

1. **Monadic/Sequential Testing**

2. **Choice Modeling**

3. **Maximum Differential Evaluation**

4. **Hybrid Qualitative Approaches**

5. **Driver Analysis**

6. **Pre-Post Brand Equity Concept Evaluation**

7. **Market Sizing**

8. **Price Optimization**
MONADIC OR SEQUENTIAL MONADIC TESTING
Monadic or sequential monadic testing

WHEN TO USE

• The ‘bread and butter’ of standard concept testing – used for anything where you need to know if significant differences in preference exist between two or more concept ideas.
• Monadic concept testing is best when you want to get a pure read on individual concepts without muddying the waters by having a single respondent see multiple concepts. Most useful if the concepts are very similar or if elements of one concept (i.e. price) could skew response to additional concepts evaluated in the same survey.
• Sequential monadic testing can be implemented when testing multiple concepts where budget may not allow for individual cells per concept, but you still need a first position read on each concept shown.

HOW IT WORKS

• In pure Monadic testing, each respondent is shown only one concept to evaluate. Additional sample ‘cells’ are added for each new concept to be evaluated. Sample quotas are often put in place for each cell to ensure an apples to apples comparison in terms of the respondent profile (demographics, attitudes and key category behaviors).

• For Sequential Monadic testing, respondents are shown and asked to rate multiple concepts, one at a time, in randomized order. Depending on the number of concepts, sample size is determined by the total number of respondents needed to get a sound first position read (i.e., at least 100 people rating the concept they are exposed to first in the sequence to get an untainted read). This method also allows for a head to head comparison at the end of the survey since respondents have already seen all of the potential concepts.
Examples of key question areas – tailored to your brand, category and specific concepts

- We do have normative scores for comparison on key measures which can be a useful guidepost, but in our opinion should never be used as a “pass/fail” report card
- Where possible, we strongly suggest adding competitive benchmarks and/or existing products or concepts to provide real-world context
- Key metrics differentiate between specific elements of the concept itself and messaging using distinct measurement tools (not one size fits all)
We start with a learning phase to build a more predictive model.

- Normalizing the concepts and, if possible, including previously tested concepts (including some that are already in market) to provide greater context
- Running correlation and regression analysis to determine the appropriate weights of different factors
- Verifying the model against your business – using sales, visits, etc. and adjusting the weights of key measures to ensure results that consistently align with real world performance

Then we deliver clear, actionable results you can use.

- In addition to traditional banners and PowerPoint reporting, we often provide Automated Index Dashboards that bridge data tables and the model. This often includes index scores shown separately for key subgroups, client defined segments, etc.
CHOICE MODEL
CONCEPT TESTING
Choice tasks (conjoint, choice modeling, discriminant analysis)

WHEN TO USE

- In reality, people don't walk around rating things on scales. They make choices, tradeoffs and purchase decisions. If you have potential products or services with a broad set of attributes/benefits, choice modeling can be an effective way to accurately optimize a product or service to best perform in the market. It also presents a good way to measure a large number of attributes without needing a large sample size as is the case for first position concept test reads.

HOW IT WORKS

- Respondents are shown several different versions of a concept, each with different attributes/benefits. Next they are asked to pick the one they would use or purchase – each time seeing a different set of attributes and making a choice between the options presented. When the data for all of these choices is analyzed, the choice model can tell which attributes are driving selection and how much more important those attributes are compared to others. The output includes a high level analysis and an easy to use and interpret excel-based simulator that allows you to see attribute importance, demand for different versions of your product/service, price elasticity and how all this differs among key subgroups of consumers.
Examples of choice exercise questions

**Example of choice model exercise**

Sample question: “If you were in the market to join a [description here] program today and these were your only options, which one would you choose?

(Note, these benefits are placeholders)

- Month to month subscription at $6.99/month Available online only Benefit 1 +2
- Month to month subscription at $9.99/month Available online & print Benefit 1 +4
- One year subscription at $59.99/year Available online only Benefit 2 +3
- One year subscription at $69.99/year Available online & print Benefit 3 +4

• 3-4 different variables are used with options within each to show respondents a series of combined options. We can then ascertain the optimal combination of each component to go to market with.
Examples of choice model simulator

<table>
<thead>
<tr>
<th>Variable</th>
<th>Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points Expiry</td>
<td>41.1%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Reward Availability</td>
<td>71.7%</td>
<td>49.0%</td>
</tr>
<tr>
<td>Credit Card Linkage</td>
<td>67.8%</td>
<td>45.1%</td>
</tr>
<tr>
<td>Points Redemption</td>
<td>63.0%</td>
<td>40.3%</td>
</tr>
<tr>
<td>Online Booking Bonus</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Sample: 22.7%

Scale information: Percentage of (sub-)sample that prefers this FF configuration to the current version.

<table>
<thead>
<tr>
<th>Region</th>
<th>Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>41.1%</td>
<td>18.4%</td>
</tr>
<tr>
<td>West</td>
<td>71.7%</td>
<td>49.0%</td>
</tr>
<tr>
<td>Central</td>
<td>67.8%</td>
<td>45.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>40.8%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Female</td>
<td>63.0%</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Membership</th>
<th>Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>78.8%</td>
<td>56.1%</td>
</tr>
<tr>
<td>TrueBlue ONLY</td>
<td>13.4%</td>
<td>-9.3%</td>
</tr>
<tr>
<td>Other Airline ONLY</td>
<td>95.6%</td>
<td>72.9%</td>
</tr>
<tr>
<td>TrueBlue AND Another</td>
<td>19.5%</td>
<td>-3.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-24 Years</td>
<td>64.3%</td>
<td>41.6%</td>
</tr>
<tr>
<td>25-29 Years</td>
<td>43.3%</td>
<td>20.6%</td>
</tr>
<tr>
<td>30-34 Years</td>
<td>0.2%</td>
<td>-22.5%</td>
</tr>
<tr>
<td>35-39 Years</td>
<td>11.2%</td>
<td>-11.5%</td>
</tr>
<tr>
<td>40-45 Years</td>
<td>91.5%</td>
<td>68.8%</td>
</tr>
<tr>
<td>46-50 Years</td>
<td>20.1%</td>
<td>-2.6%</td>
</tr>
</tbody>
</table>

(click to change any variables)

(All “results” are randomly generated)

(does not work in this demo version)
MAXIMUM DIFFERENTIAL EVALUATION
WHEN TO USE

• Can be built into any concept evaluation to provide a robust analysis of attribute importance. Particularly useful to prioritize attributes, as it can handle a large number of attributes for any product or service.

• The relative appeal of each attribute can also be determined for any sub-group of the sample.

HOW IT WORKS

• The Maximum Difference survey exercise is a trade-off exercise to study consumers’ behavior when evaluating various attributes of a product or service.

• It is particularly robust, because it does not rely on any rating scale responses, which are dependent on how respondents interpret the scales.

• A very quick and easy task for respondents to complete. Respondents see a set of between 4-6 attributes. For this set, they are asked to indicate, next time they are purchasing in the category:
  o Which of these features/attributes is most important?
  o Which of these features/attributes is least important?

• Each respondent sees several of these sets (up to 8), depending on the design. The question can also be repeated for several dimensions, e.g. most/least important, most/least prestigious, most/least appropriate for families, etc.
Examples of Maximum Differential Questions

Example:

Respondents see a set of between 4-6 attributes. For this set, they are asked to indicate, next time they are purchasing in the category:

- Which of these features/attributes is most important?
- Which of these features/attributes is least important?

Oven features. Next time you buy an oven, which one of these features would you most like to have and which feature would be least important to have?

Please select one feature in the left column and one feature in the right column.

<table>
<thead>
<tr>
<th>Most like to have</th>
<th>Description of feature</th>
<th>Least important to have</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Self-cleaning cycle</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Double oven</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Electronic controls</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Helpful hints and tips</td>
<td></td>
</tr>
</tbody>
</table>
Examples of Maximum Differential Output

Essentially the outputs from a MaxDiff study are two numbers, for each attribute in the study:

- Percentage of people who rated the attribute “Best”
- Percentage of people who rated the attribute “Worst”

The primary output is a ranking of all attributes, on the difference between the %Best and %Worst. For attributes in the middle though, some can have equally low proportions of “Best” and “Worst”, others can have equally high proportions of “Best” and “Worst”. The former are attributes nobody has strong feelings about, while the latter are attributes that have niche potential – some people are strongly attracted, others definitely do not want it.

A simulator is provided that enables the user to run the analysis for any subgroup of the sample.
HYBRID QUALITATIVE APPROACHES
Hybrid qualitative approaches

WHEN TO USE

• To provide more depth around the ‘why’ of concept evaluation. Particularly useful when launching new concepts to understand what’s driving perceptions and behavior.

• Also recommended for earlier stage concept evaluation that has more of an exploratory focus and for idea generation.

• Online qualitative approaches can help to add depth at a fraction of the cost of traditional face to face interviews or ethnography.

HOW IT WORKS

• In-depth moderated online interviewing and online ethnography are two hybrid approaches that can be used to add qualitative depth. See following slides for an explanation on each approach.
Adding qualitative depth: real-time, moderated online interviewing

Integrating real-time, one-on-one interviewing. How it works...

• Select respondents taking the quantitative survey would be asked if they’d be open to participating in a ‘break-out’ 15 minute moderated interview for an additional incentive.

• Flexible as to when in the survey this would take place.

• Discussion guide developed by Equation with input from client. Trained, savvy online moderators conduct the interviews.

• Deliverables include 40-60 completed online interviews and transcripts that will be used to add depth to the quantitative findings.

Respondent Snapshot
Most Preferred Vacation Destination: Island Beach
Most Preferred Vacation Activities: Something safe and fun that provides some light exercise the whole family can enjoy.
Primary Information Resources Used: Other – AppleVacations.com
Traveled with Children on Most Recent Trip: Yes
Age: 34
Gender: Female

Jenn: Hi and thanks for chatting with me today. I can see from the survey that you chose an island beach vacation as your most preferred vacation destination. Can you tell me why that kind of vacation location appeals to you the most?
Guest: My husband and I do not travel very often, so when we do have the money and time to do so, we like to relax, enjoy the sun and beach and just be with each other.
Jenn: So what would you say an island beach vacation offers you that other types of destinations do not? What makes it special or unique?
Guest: The chance to get away and relax... the ocean, the waves, pools, bars and pool evenings for long walks on the beach!
Jenn: So, when you’re planning a relaxing island vacation, what kinds of amenities are critical ‘must-haves’ and why?
Guest: We usually like to go to “all-inclusive” resorts so that we don’t have to worry about running up large bills. I prefer them to have some of the activities included as well, i.e., scuba-diving & bike rentals. We really look for a resort that is fun, clean and quiet!
Jenn: Now in the survey, you said you liked light exercise when you are vacationing. What kinds of activities do that include and what does that add to your vacation?
Guest: I enjoy long sightseeing bike rides or day excursions to a local historical sight. Swimming, snorkeling, water skiing and sailing are some other activities I enjoy. Light exercise makes me feel like I haven’t been a total blob just sitting in a beach chair reading a book and sipping cocktails. It makes my vacation more well-rounded.
Jenn: I understand. Can you walk me through how you planned your last 1 to 2 week vacation - specifically where you went for ideas and how you made your ultimate decision of where to go?
Guest: I basically browsed the Apple Vacations website to find some good locations for the timesframes we needed. We settled on an all-inclusive adults-only resort in The Riviera Maya. The ultimate decision was based on price, location, and amenities.
Jenn: Knowing how happy you’ve been with Apple Vacations, what could a travel agency do that would make it comparable as a helpful resource?
Guest: Hmmmm... Good question. Using AppleVacations I can search a multitude of vacation spots and see all the $ deals for something like that would be important to me in a travel agency. So, the agency would have to make me feel like I’m getting a deal I can always compare prices on the internet you know... and make planning easy.
Jenn: Thanks for your time and feedback today. Just click NEXT to continue and have a nice day!
Adding qualitative depth: online ethnography

What it is and how it’s done

- A dedicated, secure web site will be set up specifically for the study, accessible only by participants, researchers and any observers.
- Each day during the study participants will be asked to complete activities that reveal their experiences and provide insight into their attitudes, preferences and beliefs surrounding the brand and category.
- Participants will be able to post pictures, video and text, keep diaries, and respond to stimuli.
- All responses will be posted to the web site, where the project team will be able to watch participants’ experiences unfold literally as they happen. The end result will be an incredibly deep understanding of the brand experience as seen through the eyes of your target customers.
- Respondents can be sent product samples before taking part in the online ethnography.
DRIVER ANALYSIS
Driver analysis

WHEN TO USE

• A key driver analysis can be added to a concept evaluation in order to understand what consumers want in the category – what drives choice and satisfaction. Concepts are then evaluated in that context.

• This is useful when a brand is entering a new category, different product line or when it’s thought that needs and wants in a given category may be shifting. Adding key driver context can also be a good sanity check to be sure that a new offering is delivering against what’s most important to the target audience.

HOW IT WORKS

• After developing a detailed picture of the target consumer, we measure the importance of brand attributes in the category and how that may differ across different types of consumers, need states and occasions.

• Then we’d measure how the client brand and competitors are perceived against category attributes and drivers.

• In addition to measuring stated importance we can also determine derived importance. In order to better understand what drives behavior, we correlate how likely people are to consider each brand and how they rate each brand on all of these attributes. This shows us what is actually driving their consideration, and helps us derive what is really most important.

• Concept performance is then mapped against key drivers.
Understanding what drives brand consideration, choice and satisfaction in the category - example

This would first be done at the category level to see what matters most to consumers and to help identify potential opportunities later on.

**Attribute Importance**

- Has a great selection of music and videos: 90%
- Makes it easy to find what I'm looking for: 80%
- Has artists and music I can't find anywhere else: 70%
- Allows me to watch movies and music videos for free: 60%
- Is extremely user friendly: 40%
- Is made for people like me: 40%
- Has exclusive content, interviews and artist profiles: 30%
Brand performance against category drivers - example

Then we’d measure how brands within the category perform against what consumers say is most important to them.

In addition to stated performance, we can determine derived importance by correlating overall brand consideration/choice with performance of specific attributes by brand. The difference between what people say is driving behavior and what’s actually driving behavior can often be eye-opening!

Examples:

- Has exclusive content
- Is made for people like me
- Is extremely user friendly
- Allows me to watch music videos for free
- Has artists and music I can't find anywhere else
- Has exclusive content, interviews and artist profiles
- Makes it easy to find what I'm looking for
- Has a great selection of music and videos
- ETC.
Example of how we’d map concept performance against key drivers to identify opportunities and areas to improve

**Secondary position - maintain**

- Affordable price
- Good value
- High quality products
- Brand I trust
- Reliable service
- Always improving products
- Technologically innovative
- Best product features
- Cares about its customer needs

**Key position - maintain**

- Ability to personalize
- Understands how computers fit my lifestyle
- Cool/contemporary products
- An ethical company
- Best style and design

**Price of entry - enhance**

- Allows me to reflect my own style
- Has advertising I can relate to
- Products that appeal to women
- Great in store experience

**Opportunities - improve**

- Price of entry
- Concept Score (Top 2 Box)
- Importance (Top 2 Box)
PRE/POST BRAND EQUITY CONCEPT EVALUATION
Pre/Post Brand Equity Concept Evaluation

WHEN TO USE

• This approach makes sense when there is particular interest in understanding how a client’s brand will be impacted by the introduction of a new or different product concept (i.e., if it’s a new product line or departure from what consumers have come to expect from a brand).

• A Pre/Post brand equity exercise can be implemented as part of a monadic or choice model concept evaluation. For the latter, the brand impact of different concept combinations would be looked at in aggregate in terms of how and to what extent the concept could potentially shift brand perceptions.

HOW IT WORKS

• Before concept evaluation, respondents are asked a series of questions to understand ingoing brand perceptions. This is often done in a competitive context.

• Then, respondents are exposed to the client’s product or service concept and asked detailed concept response questions (or in the case of a choice model they are shown the various product configurations and complete a number of choice tasks). A competitive concept can also be shown as a benchmark, rotating order of exposure between client/competitive concept.

• Respondents are then asked the same series of brand equity metrics that they responded to earlier for the client brand and competitive concept brand (if applicable).

• The analysis focuses on shift in brand perceptions (examples later on) caused by seeing the concept.
### Examples of question areas asked before and after concept exposure to understand where the concept is moving the needle

<table>
<thead>
<tr>
<th>Brand Functionality</th>
<th>Brand Personality</th>
<th>Brand Perceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand is...</td>
<td>Someone I’d...</td>
<td>• Trust and Confidence</td>
</tr>
<tr>
<td>Genuinely better than all other brands to Worse than all others</td>
<td>Really like and have a lot in common with to Wouldn’t like and would have nothing in common with</td>
<td>• Leadership</td>
</tr>
<tr>
<td>Because [brand]...</td>
<td>Because they are...</td>
<td>• Momentum</td>
</tr>
<tr>
<td>• Has the highest quality products</td>
<td>• Fun</td>
<td></td>
</tr>
<tr>
<td>• Provides products that fit my needs</td>
<td>• Cool</td>
<td></td>
</tr>
<tr>
<td>• Uses the most innovative technology</td>
<td>• Innovative</td>
<td></td>
</tr>
<tr>
<td>• Has the most flexible options</td>
<td>• Approachable</td>
<td></td>
</tr>
<tr>
<td>• Provides the most value for the money</td>
<td>• Friendly</td>
<td></td>
</tr>
<tr>
<td>• Fits my personal style</td>
<td>• Exciting</td>
<td></td>
</tr>
<tr>
<td>• Outperforms all of the competitive offerings</td>
<td>• Dependable</td>
<td></td>
</tr>
<tr>
<td>• Has the smartest designs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Consideration**

It’s the first brand I’d consider to it’s not a brand I’d ever consider

**Choice**

Next time you purchase a (product), which brand will you choose?
Example of output looking at brand imagery before and after concept exposure
MARKET SIZING
Market Sizing

WHEN TO USE

• Market sizing can be used to determine the revenue potential for taking a new product or service to market as well as the possible impact of changing or supplementing existing offerings. This can be useful for making a go/no go decision on a product launch or to determine which version of a potential product will yield the most sales.

HOW IT WORKS

• Market sizing is not an exact science, but rather a mix of known facts (i.e., size of the potential target audience) and educated assumptions that we’d agree on up front. We usually look at a minimum potential using the most conservative estimates and maximum potential which takes more of a best case approach. The process is often iterative, but usually involves some version of the following factors:

1. **Size of the target audience** – for the product or service (for example, business travelers or families in the U.S. with children under 18). This is usually an aspect that we can identify fairly accurately.
2. **Reach** – the total number of people within the target audience universe potentially reachable by planned marketing and communications.
3. **Consideration** – proportion of the target audience that will actually be shopping for the product/service specifically in a given time frame and have the opportunity to buy it.
4. **Stated choice/usage** – how likely respondents say they are to purchase the product/service. This percentage is discounted to better reflect actual behavior vs stated behavior.
Thoughts on predicting behavioral impact of concepts to measure the potential market opportunity

Concentration on assessing behavioral impact – measuring concept success by translating questionnaire intent into purchase/usage behavior by applying common weighting factors.

Behavioral analysis would be based on previous work we have done looking at how questionnaire intent flows through to actual behavior.

In general, the formula for converting questionnaire intent to behavior is:

- Top-Box intent (very/extremely/most/etc.)  1 in 5 ratio
- Second-Box intent (somewhat/likely/mainly/etc.)  1 in 20 ratio
- All other scores  No effect

*These ratios indicate that 1 in 5 people who choose the top intention on a scale will end up following through with it, while 1 in 20 who choose the second strongest intention will.*
Usage/purchase intent results and additional assumptions are used to size the market opportunity - example

Results are combined with assumptions about target population size, reach, marketing efforts, actual likely behavior (vs. stated planned behavior) and competitive offerings (including the possibility of no action).

• **Reach** is based on total number of people reachable through marketing efforts, word of mouth/web and in-store exposure.

• **Consideration** is based on standard market response rates, from a low 20% consideration, to a high 40% consideration rate in the example below. This reflects the percentage of consumers that will actually be shopping for these types of products specifically in a given time frame (6 months) and have the opportunity to buy it.

• The minimum and maximum estimates are multiplied by a discounted proportion of those who say they are likely to purchase (20% of the definitely would join and 5% of the probably would buy).

- **Base Population** 44,352,000
- **30% Reach Among Target** 13,305,600
- **40% Consideration Among Target** 5,322,240
- **Possible uptake (8.6% of those interested purchase):** 457,713
- **15% Reach Among Target** 6,652,800
- **20% Consideration Among Target** 1,330,560
- **Possible uptake (8.6% of those interested purchase):** 114,428

- **Conservative**
- **Best case**
PRICE OPTIMIZATION
Price Evaluation – in the context of a choice model and the Van Westendorp approach

WHEN TO USE

• Choice Model price elasticity – when testing different versions of a concept with interchangeable attributes/benefits and if there is a general price range already established.

• Van Westendorp approach – when pricing is more open ended and you’re looking to test either one concept or several versions of a concept that are standalone with fixed attributes (vs. interchangeable).

HOW IT WORKS

• In the context of a choice model, price can be a variable that is shown along with other concept attributes. Price can vary within an established range in different iterations shown to respondents. As respondents choose the preferred concepts at different overall price points and also in the context of different product attributes, we can infer both the impact of price on overall demand for a product/service as well as price elasticity of specific attributes/benefits.

• Van Westendorp approach - by asking consumers at which price points they’d find an offering too expensive, expensive, a bargain and too cheap, then looking at where these points intersect, we are able to determine the optimal price point for a product. This can be done after initial concept exposure (without price) and we can also tell people later on what the product actually costs and determine how that impacts demand.
Price Sensitivity Model – Van Westendorp approach

Sample questions used to identify the optimal price point for a product or service:

Q - At what price would you consider the product to be so expensive that you would not consider buying it? (Too expensive)

Q - At what price would you consider the product to be priced so low that you would feel the quality couldn’t be very good? (Too cheap)

Q - At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it? (Expensive/High Side)

Q - At what price would you consider the product to be a bargain—a great buy for the money? (Cheap/Good Value)
Price optimization – Van Westendorp approach

Example

$30-$40
DELIVERABLES
Approach to deliverables

How we’d work together...

We would want to of course start off each project with an in-depth learning session. Usually, these briefings would include reviewing prior research if relevant, research objectives, product or concept background, process and deliverables to get everyone on board.

In terms of specific deliverables, these could include:

- Data tables following completion of fielding
- Analytical plan for discussion prior to full report and analysis
- PowerPoint report and full analysis
- Separate modeling if used for choice models, pricing, forecasting, drivers, etc.
- Online reporting and analytics tool (analyticsLAB) available after fielding with Equation’s full guidance and support in accessing this data. More on analyticsLAB on the following page
- Ad-hoc requests on a case-by-case basis with full array of statistical and analysis resources in-house
Delivering better insights and innovative tools to change the way you use data

We believe in delivering insights in a way that is clear and concise, with a focus on communicating what the research results actually mean for your business. Not just describing the data, but using it to tell an insightful story that answers questions and solves problems.

Our innovative and proprietary analytics/reporting tool (analyticsLAB) helps to make the results more easily accessible and actionable...

- We consolidate your data into a single platform, build the metrics you need, and present them in an easy to use, intuitive, online application.

- Ability to load survey data, general customer data, CRM information, sales data, media spend, customer loyalty metrics or any other information critical to understanding your business and your customer.

- Send or share reports with colleagues, run cross-tabulations/ad hoc reports, build graphs and dashboards, one-click export to Excel - and a range of other features designed to take the heavy lifting out of research reporting and data exploration.

We’d love to set up a live demo so you can see how it works!