

MAXDIFF



UNDERSTANDING CONSUMER DECISION MAKING

MAX DIFF from RED C is a powerful statistical technique that allows brand owners to truly understand the factors that influence consumer choice in their category and it provides a potent means of segmentation based on consumer needs.

MaxDiff from REDC

Traditional survey techniques asking respondents to rate items in terms of their importance in choosing a particular product are often inadequate. How often do you see every item in a list being nominated as important using this approach? MaxDiff analysis is different and more closely replicates real-life decision making by forcing respondents to trade-off potential influencers.

Through a sequence of carefully designed trade-off tasks respondents nominate the most important and least important factors from short subsets of potential influencers on choice. The lists are presented as a randomised subset of all potential influencers and by completing a number of these trade-off tasks the model “learns” what features are truly driving choice.

The result is that each item is given an importance score or “utility” value based on the principles of behavioural economics. Different factors attract different utility values with the most important item having the highest utility and the least important having the lowest utility. This can help drive strategy and insight in a number of areas:

- / **Decision Making:** Make better decisions by knowing what consumers want, including comparing choice drivers for different subgroups.
- / **Needs Segmentation:** By using utility scores as an input to segmentation models, we can create needs based consumer-centric segments.
- / **Comms Development:** Knowing what matters helps to ensure that the content and tone of your communications will resonate.
- / **Product Strategies:** Smarter Product Strategies built around consumer needs.

Please consider how important different features are when it comes to choosing your motor insurance. Considering only the features listed below, which is the **Most Important** and which is the **Least Important** to you personally?

Most Important		Least Important
<input type="radio"/>	The Insurer/Insurance Company	<input type="radio"/>
<input type="radio"/>	Personal Accident Cover - In Car Or Elsewhere	<input type="radio"/>
<input type="radio"/>	Fire Brigade Cover (Up To €1,000)	<input type="radio"/>
<input type="radio"/>	Breakdown Assistance Included	<input type="radio"/>
<input type="radio"/>	Level Of No Claims Discount	<input type="radio"/>
<input type="radio"/>	Legal Expenses Cover	<input type="radio"/>

Click the 'Next' button to continue...



Sample Choice Task: This shows an example of a task that respondents might be asked to complete. By presenting a sequence of these “tasks” which include randomised subsets of a larger set of influencers on purchasing, MaxDiff analysis can learn which items have the highest utility value or importance.

Insert/Paste Charts or Graphs using this style:

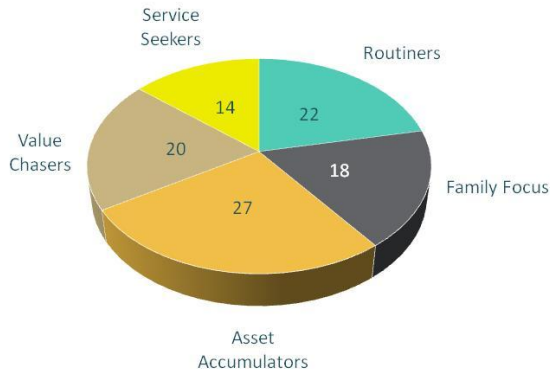


Importance Ranking: Using utility values you get a definitive set of drivers of product or service decision making.

REDC

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Segment Development

Using clustering techniques we can identify and size segments in the population who share particular sets of needs. This will help with more effective targeting and the development of more relevant products, services and communications. Once embedded, these needs-based segments will impact on all aspects of brand strategy.

Excel Analysis Tool

We can also provide you with an Excel-based tool that will allow you to explore utility scores across various subgroups or segments within the market to assess the relative importance of different items to these groups. This interactive tool is intuitive and easy to use and provides you with the scope to get even more from the data.

REDC SAMPLE EXCEL SIMULATOR

N=1867

Filters	Label	Item	Rank	Average	L
Select Brand	A low premium/cost of health insurance	1	9	4.65	
All Brands	The level of inpatient cover in Public hospitals	2	11	4.05	
	The level of inpatient cover in Private hospitals	3	8	4.75	
	The level of access to Hi-tech hospitals (e.g. Blackrock Clinic, Mater Private)	4	7	4.84	
Select Segment L/C	The type of room you can access (i.e. Private/Semi-Private/Public)	5	19	2.18	
No Segments	Cover for treatment in hospital that does not require overnight stay (day case)	6	14	3.54	
	The level of excess, i.e. the amount you need to pay yourself for treatment/ accommodation	7	5	5.29	
	The option to include dental cover	8	24	1.51	
	Has access to the most hospitals across Ireland	9	10	4.31	
	Level of cover for consultants fees	10	6	4.91	
	The overall level of maternity cover that is included	11	26	0.92	
	Number of nights covered in hospital after child birth	12	30	0.47	
	A grant or contribution toward private maternity/homebirth expenses	13	31	0.39	
	Inclusion of Post natal home help and/or nursing care	14	32	0.33	
	Extensive cover for orthopaedic surgery/treatment (joints and bones)	15	12	3.98	
	Extensive cover for cardiac surgery/treatment/care (heart)	16	4	6.18	
	Extensive cover for cancer surgery/treatment/care	17	2	7.37	
	Cover for A&E hospital treatment while visiting overseas	18	23	1.67	

Integrating MaxDiff to your Planning Toolkit

Getting going with MaxDiff is really easy. We will work with you to develop a list of up to 40 influencers that are relevant to your category and we will take it from there. This approach can be integrated into existing surveys or as a standalone ad-hoc project. In order to best handle randomization of tasks, an online or CAPI approach is recommended, but if required it can be modified to work with pen and paper based face to face interviewing.

