

CONJOINT ANALYSIS AND BEHAVIORAL ECONOMICS

Too often we keep knowledge in watertight compartments. Although it is not easy, it is worth the effort to relate lines of knowledge that have been developed independently. This cross-fertilization is often inspiring and fruitful.

These two paragraphs from two important books on Conjoint Analysis, one, and Behavioral Economics, the other, lead us to think that we are talking about the same thing. Wouldn't you agree? If we look at Conjoint Analysis studies from the perspective of the psychology decision-making and Behavioral Economics, a new dimension opens up before us.

System 1/ System 2 framework

"Whenever you form a global evaluation of a complex object—a car you may buy, your son-in-law, or an uncertain situation—you assign weights to its characteristics."

"The weighting occurs whether or not you are aware of it; it is an operation of System 1."

"The assignment of weights is sometimes conscious and deliberate. Most often, however, you are just an observer to a global evaluation that your System 1 delivers."

D. Kahneman, Thinking, Fast and Slow, p.310

Conjoint Analysis framework

The basic idea in conjoint measurement is that "humans evaluate the overall desirability of a complex product and service based on a function of the value of its separate (yet conjoined) parts."

"By systematically varying the features of the product and observing how respondents react to the resulting product profiles, one can statistically deduce (typically using linear regression) the scores (part-worths) for the separate features respondents may have been subconsciously using to evaluate products."

B. Orme, Getting Started with Conjoint Analysis pp. 2-3

