

Market Simulation Webinar

April 23, 2020



Sample Utility File

	Resp. 1	Resp. 2	...	Resp. 500
Vanilla	2.5	-1.0		3.7
Chocolate	1.8	1.0		0.5
\$0.25	5.3	1.2		1.0
\$0.35	3.2	0.7		0.8
\$0.50	1.4	-1.9		0.5



Market Simulations

- Make competitive market scenarios and predict which products respondents would choose
- Accumulate (aggregate) respondent predictions to make “Shares of Preference” (some refer to them as “market shares”)
- Shares of Preference are ratio scaled



Market Simulation Example

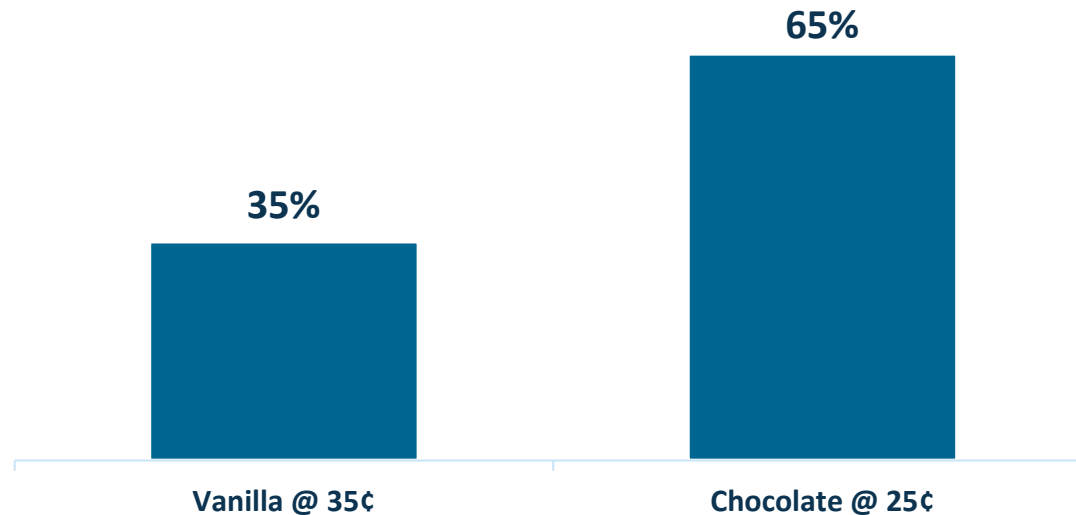
- Predict market shares for 35¢ Vanilla cone vs. 25¢ Chocolate cone for each Respondent

	Resp. 1	Resp. 2	...	Resp. 500
Vanilla	2.5	-1.0		3.7
Chocolate	1.8	1.0		0.5
\$0.25	5.3	1.2		1.0
\$0.35	3.2	0.7		0.8
\$0.50	1.4	-1.9		0.5
\$0.25 Choc.	7.1	2.2		1.5
\$0.35 Van.	5.7	-0.3		4.5
Winner	Chocolate	Chocolate		Vanilla



Market Simulation Results

- Predict responses for 500 respondents, and we might see “shares of preference” like:

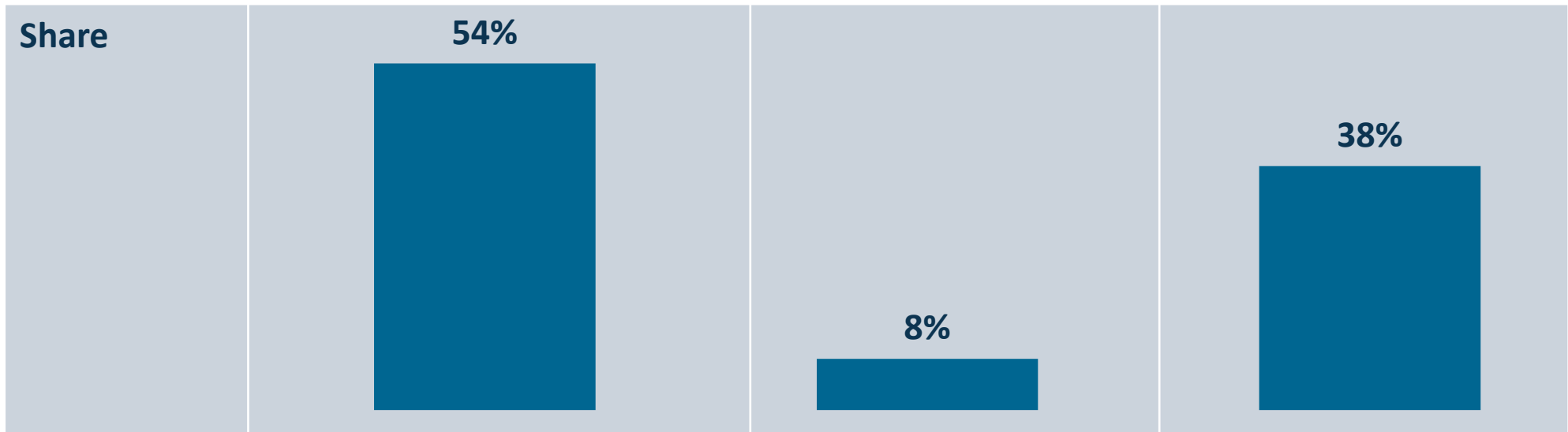


- 65% of respondents prefer the 25¢ Chocolate cone using “First Choice” rule (highest score wins)



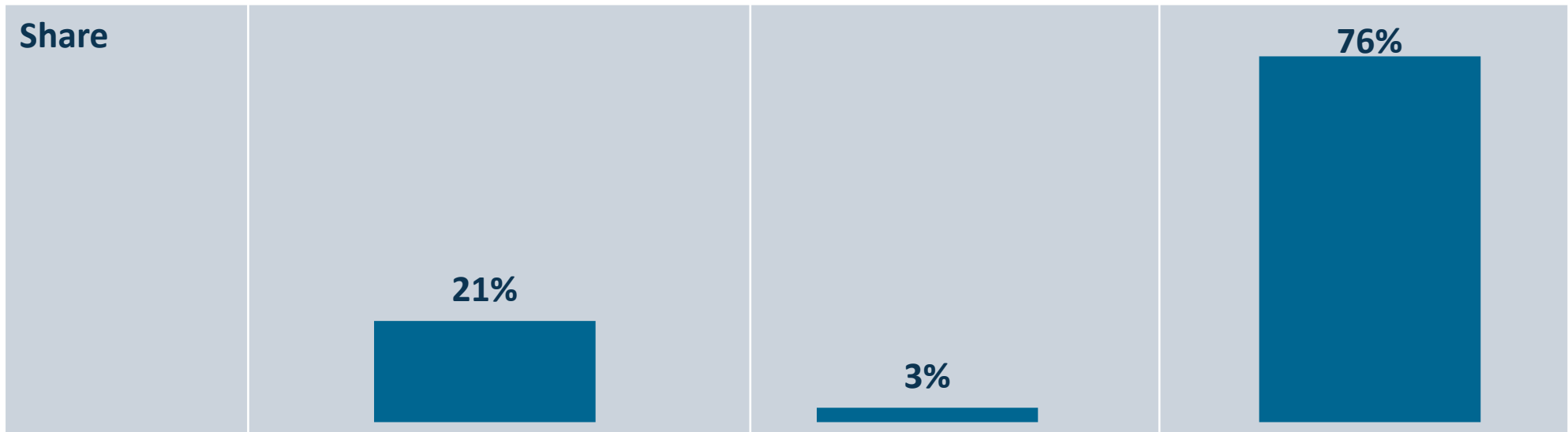
Simple Market Simulator Example...

	Product 1	Product 2	Product 3
Brand	Visa ▼	MasterCard ▼	American Express ▼
Interest Rate	15% interest ▼	20% interest ▼	15% interest ▼
Credit Limit	\$2,500 credit limit ▼	\$5,000 credit limit ▼	\$7,500 credit limit ▼



Simple Market Simulator Example...

	Product 1	Product 2	Product 3
Brand	Visa ▼	MasterCard ▼	American Express ▼
Interest Rate	15% interest ▼	20% interest ▼	12% interest ▼
Credit Limit	\$2,500 credit limit ▼	\$5,000 credit limit ▼	\$7,500 credit limit ▼



Market Simulation Assumptions

- The conjoint questionnaire makes respondents aware of all brands and features, so the market simulator assumes complete awareness and complete information
- Assumes each product is equally available
- Equal distribution
- Similar sales force effectiveness
- Similar time on the market so that each product reaches its potential (long-range demand)



Software Example

