



KU LEUVEN

Statistics and Econometrics Seminar

Joint organization by
ORSTAT, Faculty of Business and Economics and the Statistics Research Group,
Faculty of Science
Leuven Statistics Research Center

Prof. Dr. Bas Donkers

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“Complexity effects in choice experiment-based models”

Thursday, April 19, 2012
12.00–13.00h

Location: Room HOG 03.101, Naamsestraat 69, Leuven.
Supporting research project: GOA-project 2007/04

Abstract. Many firms rely on choice experiment-based models to evaluate future marketing actions under various market conditions. This research investigates choice complexity (i.e., the number of alternatives, number of attributes, and utility similarity between the most attractive alternatives) and individual differences in decision time as key factors that affect choice experiment-based model predictive performance, both within and between complexity conditions. The results show that complexity and individual decision time not only affect the error in consumer choice models but also consumers’ decision strategy and systematic utilities. We introduce a complexity adjusted mixed logit model (CAM logit) to capture the various influences of complexity in choice experiment-based models. We illustrate the consequences of complexity on choice behavior with market share predictions of the CAM logit model for different complexity conditions.

Joint work with: Benedict Dellaert and Arthur van Soest.