

Reservation Price Estimation by Adaptive Conjoint Analysis

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Jedidi and Zhang (2002) are the only researchers who have applied the economic definition of reservation price in combination with a conjoint study on product pricing.

In this paper we present a novel approach to estimate the economic reservation price using the popular conjoint analysis. We do not incorporate price as an attribute in the conjoint analysis but we introduce price by an additional choice-based scene after the conjoint analysis. The paper is organized



Fig. 1. Estimation of a high and a low reservation price point in the PE scene from

combinations. Function $purchase(product(u), p)$ asks whether the user would buy the product chosen by $product(u)$ at a given price p .

The first while loop in figure 2 starts with an initial guess (u, p) . The

a no-purchase option we can also measure the reservation price as defined in economic theory.