



### **Annotated Summary of:**

**Rosko, Michael D., Michael DeVita, William F. McKenna, and Lawrence R. Walker (1985), "Strategic Marketing Applications of Conjoint Analysis: An HMO Perspective." *Journal of Health Care Marketing* 5(4): 27–38.**

### **Chapter 7: Conjoint Analysis**

***Multivariate Data Analysis, Sixth edition***

**"The world's leading authority on applied multivariate data analysis  
based on number of citations, as reported by Google Scholar"**

---

Conjoint analysis is used in the examination of variables that are important in the consumer's decision to participate in a Health Maintenance Organization (HMO). The relevant variables (health system attributes) are examined for their relative importance and perceived utility in making such a decision. A total sample of 97 HMO and non-HMO members are used to determine whether differences exist in HMO attribute importance and utility measures for each of the two groups. This knowledge is then used to examine the impact of changes in the marketing mix on HMO membership, to determine market segments, and to develop a product offering that is more attractive to the chosen segment.

From prior literature and current focus groups, the authors identify 10 actionable factors (five with four levels and five with two levels). An additive conjoint model is used, with each card's rating serving as the dependent variable and the 10 attributes as the independent variables. To collect the data, the authors employ a full-profile method with an orthogonal factorial design to generate 41 profile cards for the respondents to evaluate. This approach reduces the number of comparisons needed (from 4,096) but does not allow for the determination of interaction effects among the variables. Although the validity of their results is verified by testing the model's ability to predict behavior, sampling concerns may inhibit generalizability (i.e., size and representativeness). However, the authors do demonstrate the versatility of the results through segmentation, profitability analysis, and conjoint simulation applications. Thus, the use of conjoint analysis allows for the examination of all the variables thought to be involved in consumer HMO decision-making. Through this and other multivariate techniques, the authors illustrate how these methods may be employed in the selection of target markets and marketing mix variables (i.e., product design, pricing, placement of facilities, and promotional programs).

---