PLANNING RESEARCH THAT ACCOUNTS FOR BUSINESS AND STATISTICAL RISK

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AGENDA

STATISTICAL RISKS – TOM CARR, CARR CONSULTING

BUSINESS RISKS – JEANNINE DZUROSKA, SYMRISE, INC.
STATISTICAL RISKS IN SENSORY RESEARCH

Tom Carr, Carr Consulting
TWO INCORRECT CONCLUSIONS CAN HAPPEN IN SENSORY RESEARCH

- Concluding that a difference exists when it does not.
- Failing to detect a difference that is present.
THE “FALSE POSITIVE”

- Concluding that a difference exists when it does not.
  - Type I Error, with associated probability, $\alpha$.
  - No difference is present but an extremely unlikely outcome is observed in the study.
  - Leads to the incorrect conclusion that the samples are different.

- More important in developmental research.
  - Do not want to claim an improvement when there is not one.

![Diagram showing the concept of Type I Error with Ho, alpha (\(\alpha\)), and the observed outcome within the confidence interval.](image)
Failing to detect a difference that is present.
- Type II Error with associated probability $\beta$ and effect size $\Delta$.
- Outcome does not appear to be particularly extreme for the case when no difference is present.
- Leads to the incorrect conclusion that the samples are not different.

More important in product maintenance.
- Do not want to miss that the cost-reduced prototype is perceptibly different or less liked than the control.
CONTROLLING STATISTICAL RISKS

- An adequately sensitive study is one that has acceptable levels of:
  - $\Delta$: How big of a difference makes a difference?
  - $\beta$: What chance are will willing to take of missing a difference as big or bigger than $\Delta$?
  - $\alpha$: What chance are we willing to take of claiming that there is a difference when there is not?

- $\Delta$ is difficult to specify because we typically do not know the size of the difference that impacts consumer behavior.
  - Typically set arbitrarily, e.g., 0.5 units on the 9-point liking scale or 25% discriminators in a difference test.

- Ideally, $\frac{\alpha}{\beta} \sim \frac{\text{Cost}_\beta}{\text{Cost}_\alpha}$, but we seldom know both costs.
  - Typically set by firm’s historical practice, e.g., $\alpha = 0.05$, $\beta = 0.20$. 

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Picking the right sample size boils down to controlling the amount of overlap between the null and alternative hypothesis distributions so you get the desired values of $\alpha$ and $\beta$ for the effect size ($\Delta$) you have chosen.
Determine relevant values for $\Delta$.
- How far can a product deviate from its target ratings before experiencing a meaningful drop in quality?
  - Consumer based criteria
  - Compatibility with other product components
  - *etc.*

Determine costs associated with Type I and Type II errors.
- It is never as simple as Testing for a Difference vs. Testing for Similarity.
- Relative costs vary from one study to another but it is seldom, if ever, the case that one or the other cost is 0.
BUSINESS RISKS IN SENSORY RESEARCH

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BEYOND ALPHA & BETA
THE REALITY CHECK

Alpha + Launch Study + Delta = Sensometrics 2012
BUSINESS RISKS
THE USUAL SUSPECTS TO THE LESS CONSPICUOUS

IDEAL METHODOLOGY

Financial Resources
Project Priorities & Work Volume
Culture
Facilities
Personnel Resources
Study intrinsic & situational factors
LOGISTICS: Regulatory/ Legal and yes Shipping!
Timing

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AND LAST, BUT CERTAINLY NOT LEAST ISTHE RESEARCH
A CASE STUDY
LAUNDRY

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