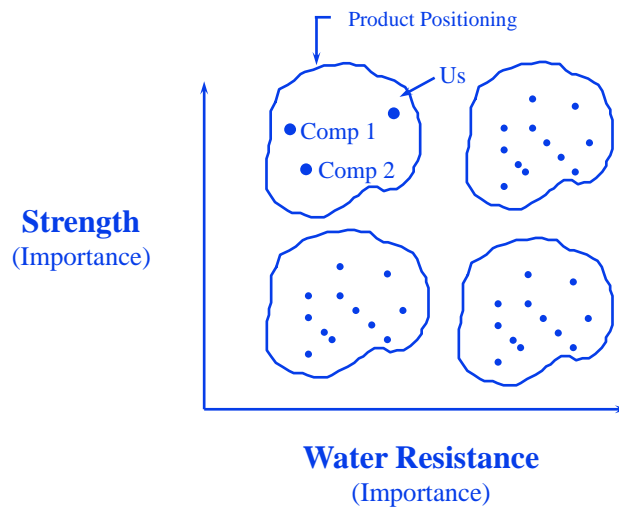


Positioning



- ❑ Concepts
- ❑ Applications
- ❑ Uses

Positioning



ME Positioning 2006 - 2

Some Positioning Bases

□ Life style (self-concept) positioning

- (e.g., MTV is for the anti-establishment, hip, and under-30 audience),

□ Attribute positioning

- (e.g., *amazon.com* is the world's largest bookstore),

□ Benefit positioning

- (e.g., Discount Air Express: Overnight, not overpriced),

□ Competitive positioning

- (e.g., *Listerine kills more germs than competing products;* *Meisterbrau tastes like Budweiser at a fraction of its price).*

□ Time-based (e.g., usage occasion) positioning

- (e.g., *Nyquil is the* night-time cold medicine)

ME Positioning 2006 - 3

Some Successful Positioning Themes

Apple iPod
BMW
Burger King
Charmin Tissue
Coke
Chevy Trucks
Colgate Total Toothpaste
Disney
GE
Mobil Service Stations
Universal's Orlando
Visa
Volvo
Viagra
Lipitor

1000 songs
Exceptional performance
Have it your way
Softness
Authentic, real, original
Tough, strong, durable
Total dental protection
Wholesome family entertainment
Quality of life
Fast, friendly service
Thrills, excitement, escape
Accepted everywhere
Safety
Quality of life
More potent at lower price

ME Positioning 2006 - 4

Key Concepts

□ *Mapping:*

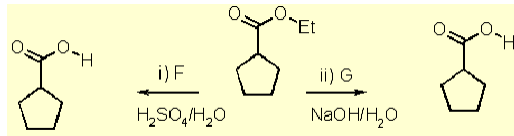
- Techniques that enable managers to develop differentiation and positioning strategies by helping them to visualize the competitive structure of their markets as perceived by their customers.

Key Concepts

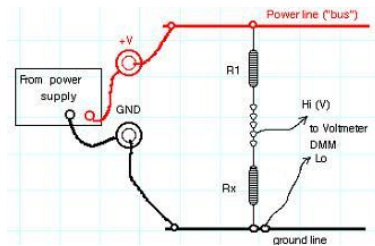
□ *Mapping:*

- The maps are derived from data of customer perceptions of existing products (and new concepts) along various attributes, perceptions of similarities between brands, preferences for the products, or measures of behavioral response of customers toward the products.

Why Mapping?



An organic chemist reads diagrams such as the one here



An Electrical Engineer reads diagrams such as the one here

ME Positioning 2006 - 9

Example: Positioning American Airlines in a New Market

- ❑ Select a set of airlines which are of interest to the target group of customers (including AA).
- ❑ Identify a set of key attributes on which these airlines are evaluated by the target group (e.g., through focus groups).
- ❑ Ensure that customers are familiar with all airlines (e.g., through video presentation).
- ❑ Have customers evaluate each airline on the attributes:

	Poor				Excellent				
Convenience	1	2	3	4	5	6	7	8	9
Punctuality	1	2	3	4	5	6	7	8	9
Service	1	2	3	4	5	6	7	8	9
Quality	1	2	3	4	5	6	7	8	9

Measure preferences also...

	Low				High				
Likelihood of use	1	2	3	4	5	6	7	8	9

Positioning A Simple Example

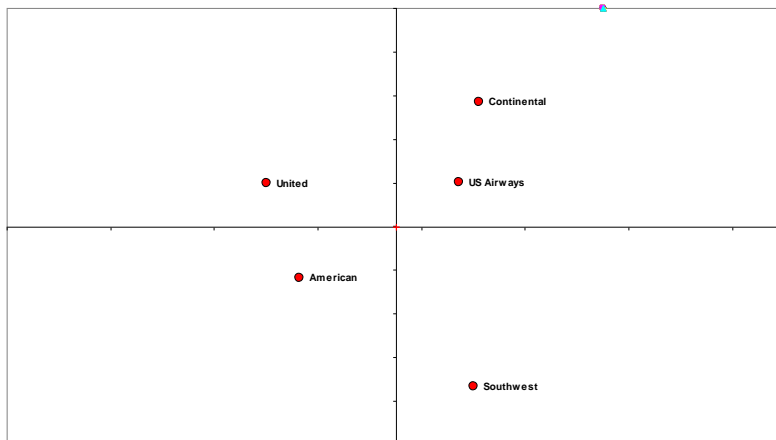


Positioning of five airlines

	AA	UA	US	Con	SW
Convenience	5.0	8.0	3.0	3.0	3.0
Punctuality	6.0	5.0	5.0	4.0	8.0
Overall_service	8.0	7.0	5.0	4.0	6.0
Comfort/Quality	6.0	6.0	4.0	4.0	3.0

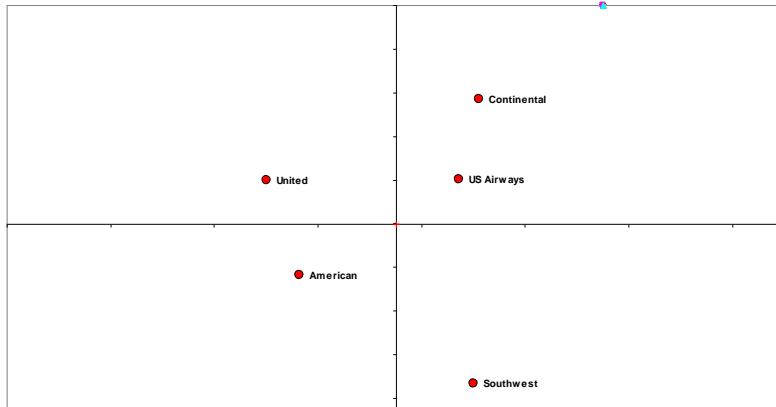
ME Positioning 2006 - 11

Perceptual Map: Brands Only Q: What are the Dimensions?



Perceptual Map: Brands Only

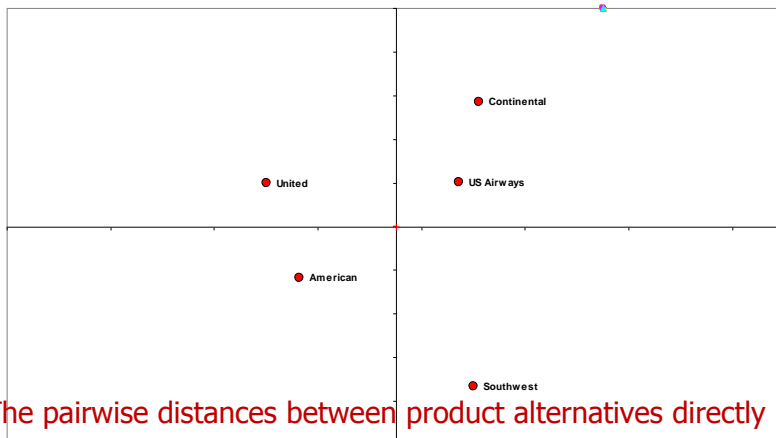
Q: What are the Dimensions?



A graphical representation in which competing alternatives are plotted in a Euclidean space.

Perceptual Map: Brands Only

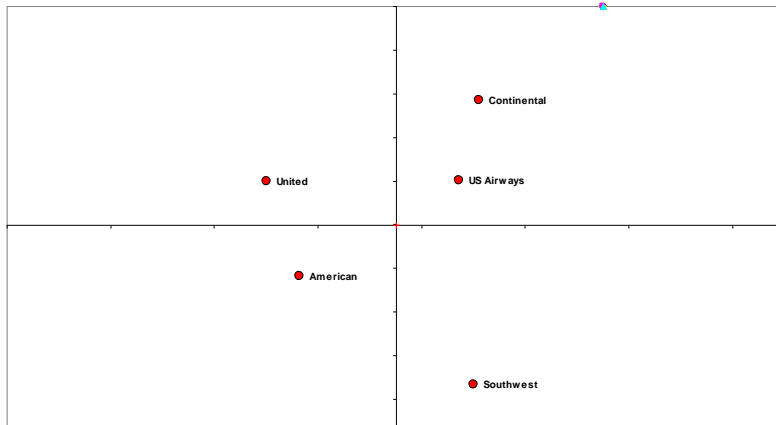
Q: What are the Dimensions?



- (1) The pairwise distances between product alternatives directly indicate the "perceived similarities" between any pair of products, that is, how close or far apart the products are in the minds of cust.

Perceptual Map: Brands Only

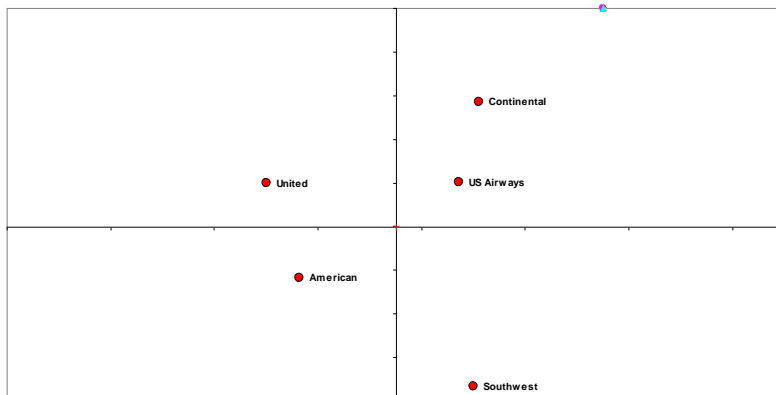
Q: What are the Dimensions?



The closer two brands are together in the map, the more similar they are perceived to be by customers, and therefore, are more direct competitors.

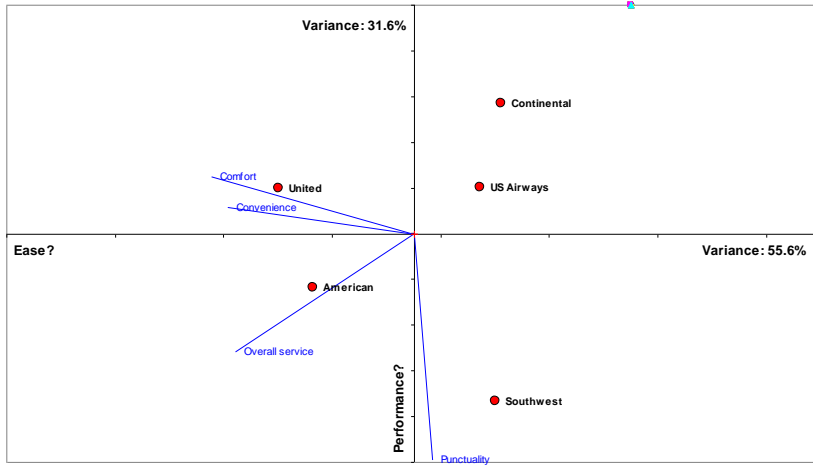
Perceptual Map: Brands Only

Q: What are the Dimensions?



Map shows that United and AA compete with each other; US Airways and Continental are likely to compete more directly with each other, and Southwest has a relatively unique position.

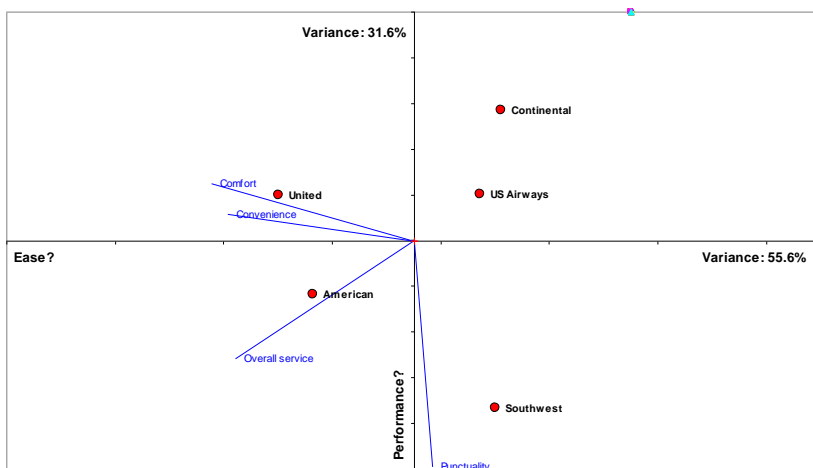
Perceptual Map: Brands and Attributes



(2) A vector (i.e., line) on the map (shown by a line segment with an arrow) indicates both magnitude and direction in the Euclidean space.

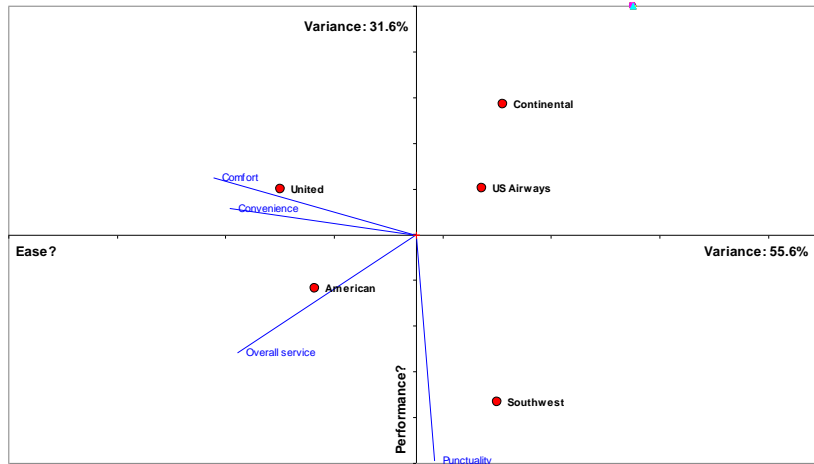
Vectors are usually used to geometrically denote attributes of the perceptual ma

Perceptual Map: Brands and Attributes



SW dominates on Perform (punctuality, here) and Un has the edge in terms of Comf. & Conv. The horiz. dim. explains about 55% of the variance in the data, and the vert. dim. explains about 32% of the variance in the data.

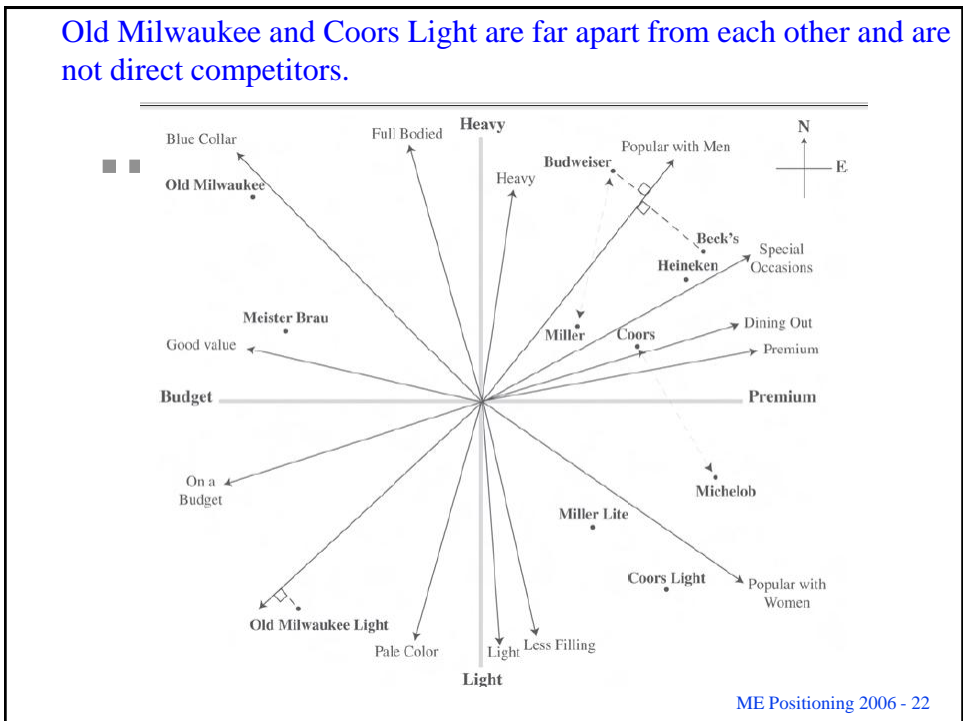
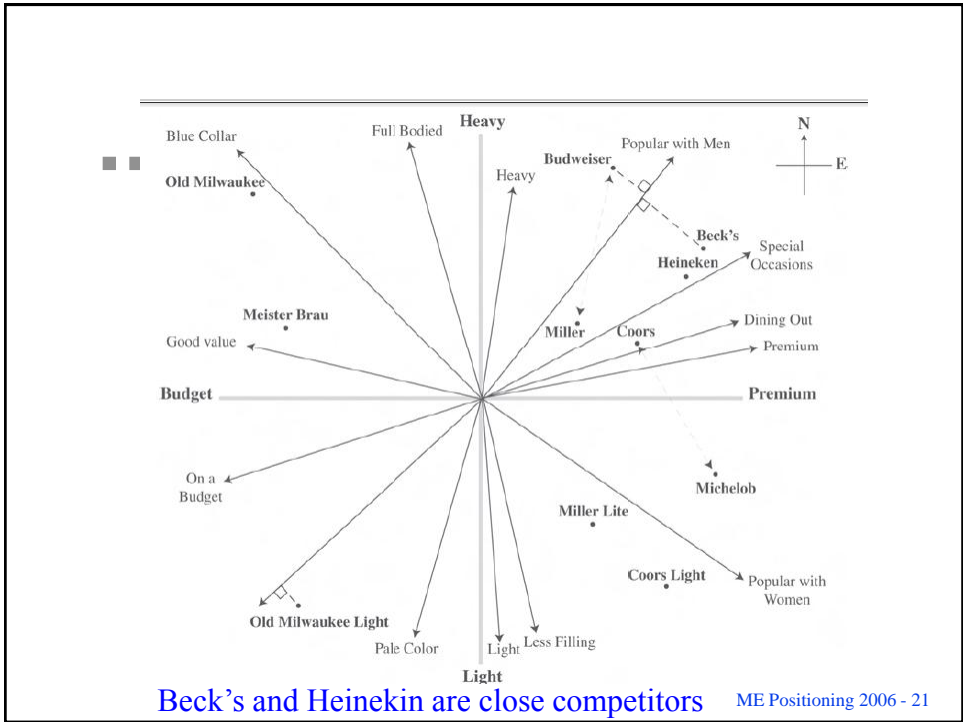
Perceptual Map: Brands and Attributes



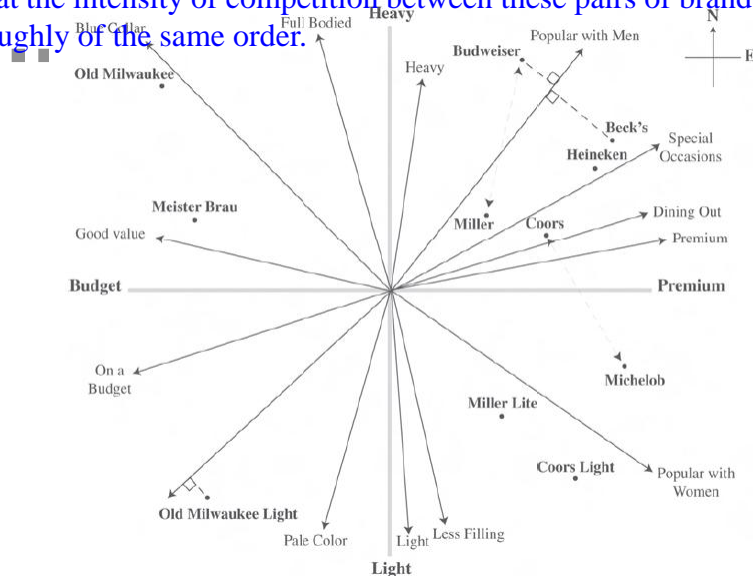
(3) The axes of the map are a special set of vectors suggesting the underlying dimensions that best characterize how customers differentiate between alts.



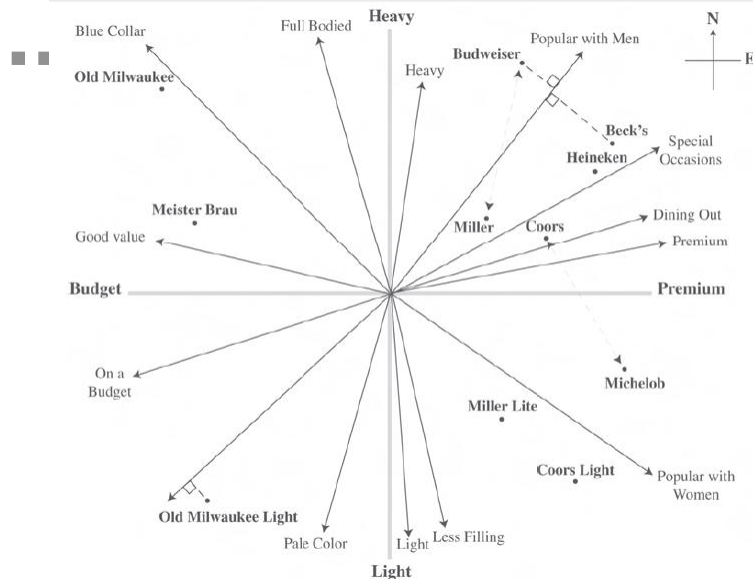
- First, the map shows the intensity of competition between the brands
 - The closer two brands are together in the map, the more similar they are perceived to be by customers, and therefore, are more direct competitors.
 - Beck's and Heinekin are close competitors
 - Old Milwaukee and Coors Light are far apart from each other and are not direct competitors.
 - The distance (dissimilarity) between Budweiser and Miller is about the same as the distance between Coors and Michelob, suggesting that the intensity of competition between these pairs of brands is roughly of the same order.



The distance (dissimilarity) between Budweiser and Miller is about the same as the distance between Coors and Michelob, suggesting that the intensity of competition between these pairs of brands is roughly of the same order.



ME Positioning 2006 - 23

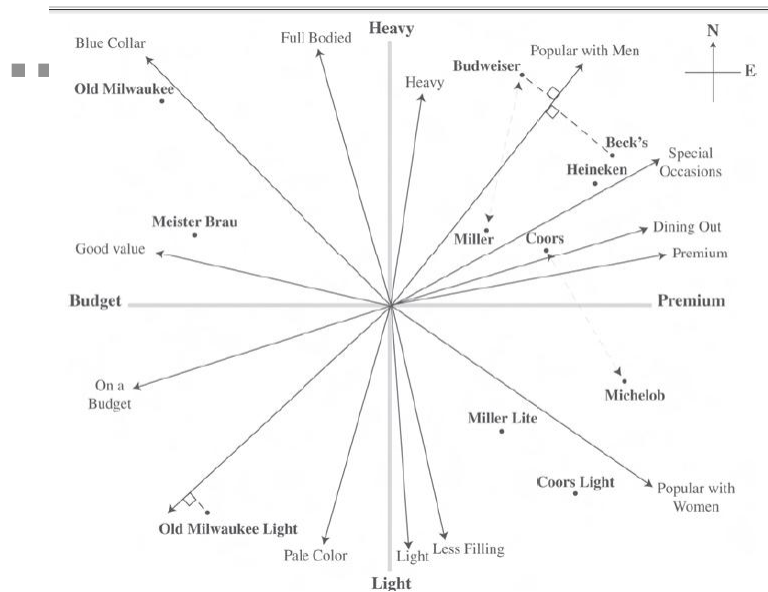


ME Positioning 2006 - 24

- Second, the map summarizes how customers perceive each brand on each attribute.
- Budweiser is the most popular beer with men (Beck's is nearly as popular with men).
- To see this, move your eye in a northeast direction along the line "Popular with Men."
- The farther away from origin a beer is located along this direction, the more popular it is with men.

ME Positioning 2006 - 25

Budweiser is the most popular beer with men (Beck's is nearly as popular with men).



ME Positioning 2006 - 26



- Third, the map shows the relationships between the attributes. The smaller the angle between any two vectors, the more correlated they are with each other.
 - beers that are “popular with men” are also likely to be “heavy.”

beers that are “popular with men” are also likely to be “heavy.”

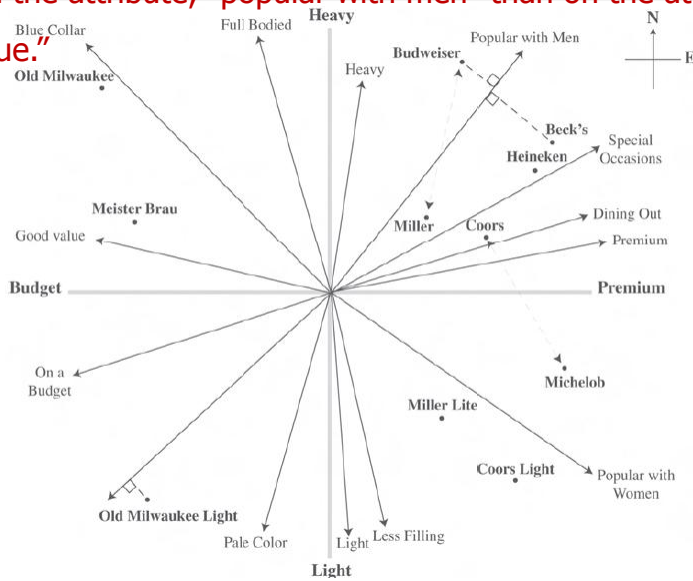


- ❑ Of particular interest is the relationship between the vertical and horizontal axes and the attributes.
- ❑ The horizontal axis (in the east direction) is more closely aligned with the attributes "premium," "dining out," and "special occasions" (i.e., they are pointing in nearly the same direction as the horizontal axis).

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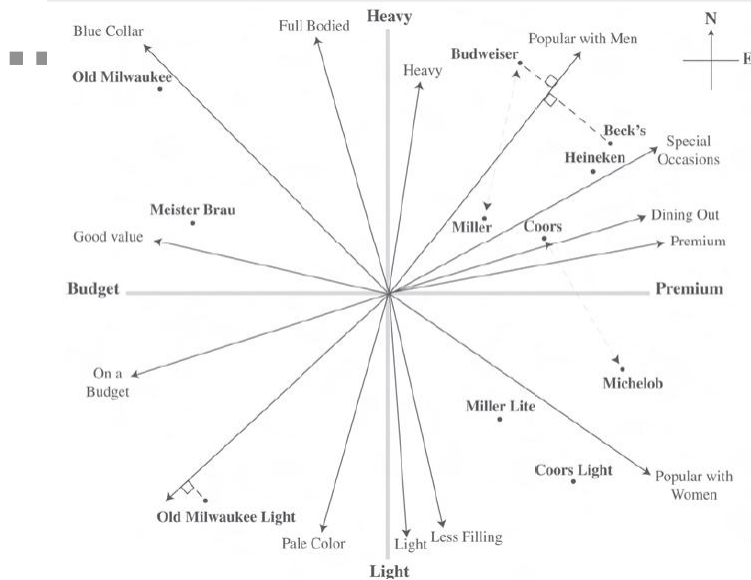


Thus, customers are better able to differentiate between the brands on the attribute, "popular with men" than on the attribute, "good value."



ME Positioning 2006 - 37

Michelob is located between the "heavy" beers and the "light" beers, thus being a weak competitor in both markets



ME Positioning 2006 - 38

- Old Milwaukee Light has very little direct competition (i.e., there is a gap in the market with no other brand located close to it), indicating potential opportunity for a new beer positioned in this quadrant.



ME Positioning 2006 - 39

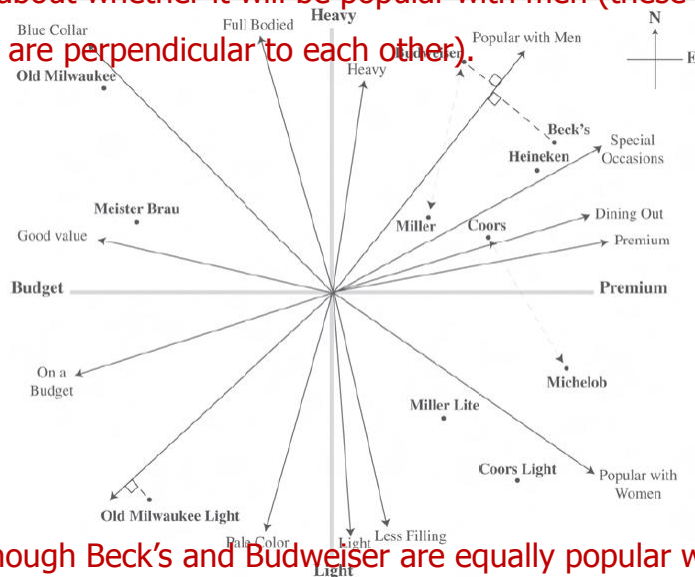
- To be in this quadrant, a beer needs to be

- pale in color,
- viewed as appropriate for someone on a budget,
- not be a beer for special occasions,
- not be perceived as a premium beer,



ME Positioning 2006 - 40

Whether or not a beer is popular with women does not indicate anything about whether it will be popular with men (these two attributes are perpendicular to each other).



Thus, although Beck's and Budweiser are equally popular with men, among women, Beck's is more popular than Budweiser.

Mapping Methods in Marketing

Perceptual Maps

Similarity-based methods

Attribute-based methods

Preference Maps

Ideal-point model (unfolding model)

Vector model

Joint Space Maps (includes both perception & preference)

External analysis using PREFMAP-3

Simple "joint space maps" using modified perceptual mapping methods

Italicized items are included in the text/software (Coming soon: Ideal Point Model)

Mapping Techniques



- **Mapping perceptions**
 - **Attribute-ratings methods (particularly useful for functional products)**
 - **Overall-similarity methods (particularly useful for image-oriented products)**
- **Mapping preferences**
 - **Include an overall preference vector in a perceptual map**
 - **“External” analysis to fit preferences of individuals on a common perceptual map**

ME Positioning 2006 - 45

Perceptual Maps Using Attribute Ratings



Example: Positioning of a new car concept

- **Select a set of cars which are of interest to the target group of customers (including the new product/concept of interest).**
- **Identify a set of key attributes on which these cars are evaluated by the target group (e.g., through focus groups).**
- **Ensure that customers are familiar with all the products of interest (e.g., through video presentation).**
- **Have customers evaluate each car on the chosen set of attributes.**

Unattractive	.....	Attractive (A1)
Quiet	.....	Noisy (A2)
Unreliable	.....	Very reliable (A3)
Uninteresting	.....	Interesting (A4)
Low prestige	.....	High prestige (A5)
.		
..		
Definitely would not buy	.....	Definitely would buy (Preference)

ME Positioning 2006 - 46

Perceptual Maps Using Attribute Ratings

- ❑ Generate a matrix of inputs for the analysis consisting of each customer's (C1, C2,...) ratings of each brand on each of the attributes (A1, A2, A3,....)

		A1	A2	A3	A4.....	A15
C1	Audi 90	6	3	7	2	2
	Toyota Supra	4	3	4	1	5
	New G20	3	6	2	7	7
	..					
C2	Audi 90					
	Toyota Supra					
	New G20					

- ❑ Compute average ratings of each car on each attribute. Submit data to a suitable perceptual mapping technique (e.g., Factor Analysis).
- ❑ Interpret the underlying key dimensions of the map using the directions of the individual attributes.
- ❑ Articulate the implications of how customers' view the competing products and concepts.

ME Positioning 2006 - 47

Let's "Map" These Data

Average Consumer ratings of ten cars on several attributes

	G20	FORD	AUDI	TOYOTA	EAGLE	HONDA	SAAB	PONTIAC	BMW	MERCURY
Attractive	5.6	4.0	4.6	5.6	4.0	5.2	5.3	3.9	5.7	3.9
Quiet	6.3	3.6	5.2	4.2	3.5	5.4	4.8	2.8	5.0	3.3
Unreliable	2.9	4.2	3.7	2.0	4.3	3.2	3.7	3.9	2.3	4.0
Poorly built	1.6	4.2	2.6	2.1	4.3	2.8	2.6	4.4	1.8	4.3
Interesting	3.6	5.0	4.0	4.3	3.9	3.4	3.4	5.4	3.3	3.9
Sporty	4.1	4.9	3.8	6.2	4.9	5.1	4.3	5.7	4.1	5.2
Uncomfortable	3.2	4.0	2.4	3.7	4.0	3.3	2.5	4.3	3.5	4.4
Roomy	4.2	3.9	5.3	3.5	3.6	3.9	5.6	3.3	4.3	3.6
Easy Service	4.6	4.9	3.5	4.9	4.6	5.0	3.6	4.7	4.1	4.6
Hi prestige	5.4	3.5	5.6	5.3	2.8	4.7	5.4	3.8	6.4	3.3
Common	3.5	3.6	3.4	2.9	4.3	3.9	1.9	4.3	2.8	3.9
Economical	3.6	3.7	3.6	3.2	4.9	5.0	4.3	3.1	4.3	4.6
Successful	5.3	4.2	5.0	5.5	3.7	5.6	5.3	4.4	5.9	3.9
Avant Garde	4.3	3.6	3.6	4.9	4.4	3.9	4.7	4.1	3.7	4.5
Poor value	3.4	4.3	4.3	3.5	3.6	2.6	2.9	4.3	3.3	3.8
Preference	6.3	3.9	6.0	5.5	4.0	6.5	6.6	3.0	6.7	4.0

ME Positioning 2006 - 48

Mapping Techniques

□ Mapping perceptions

- Attribute-ratings methods (particularly useful for functional products)
- Overall-similarity methods (particularly useful for image-oriented products)

□ Mapping preferences

- Include an overall preference vector in a perceptual map
- “External” analysis to fit preferences of individuals on a common perceptual map

□ Joint-Space Maps

- Includes both customer perceptions and preferences

Attribute-Based Methods

- **Objective: Construct perceptual maps from data consisting of customer evaluations of products along pre-specified dimensions.**
- **Step 1:** Identify the set of products and the attributes on which those products will be evaluated
 - Strategic vs, tactical positioning (Pg: 129–130)
- **Step 2:** Obtain perception data
 - Homogenous sample of customer (same group or segment)
- **Step 3:** Select perceptual mapping method
 - Factor analysis
- **Step 4:** Interpreting factor analysis output
 - Factor-loading matrix **F**

Factor Analysis

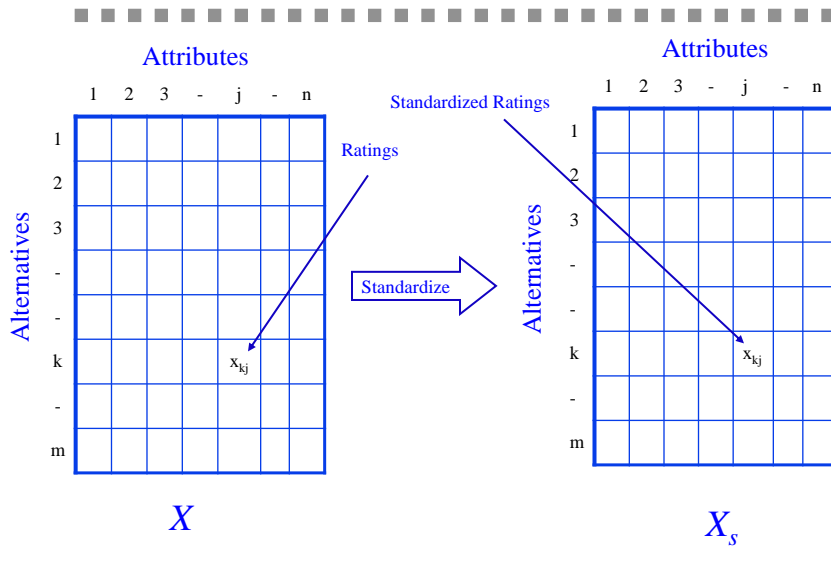
- ❑ Examine the interrelationships among a large number of variables and then attempt to explain them in their common underlying dimensions (components or factors)
- ❑ The number of variables can be reduced while maintaining as much of the original info as is possible (accounting for most of the variance in the data)

Let's "Map" These Data

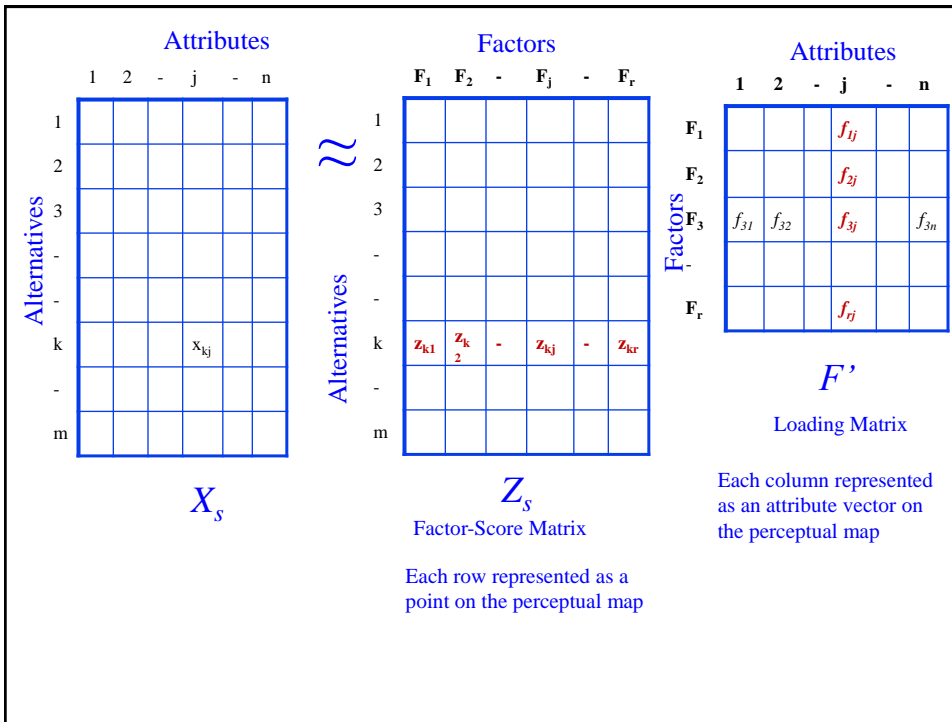
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Preference	6.3	3.9	6.0	5.5	4.0	6.5	6.8	3.0	6.7	4.0

Factor Analysis



- ❑ (To standardize a column, for each value we subtract the mean of all values on that attribute and divide by the standard deviation of the values.
- ❑ By standardizing we remove the effect of the measurement scale and ensure that all variables are treated equally in the analysis—i.e., it would not matter whether income is measured in dollars or pesos.)



-
- ❑ $f_{ij} \rightarrow$ **The correlation between attribute j and factor i (this gives the angle (cosin) between the vectors)**
 - ❑ $(z_{k1}, z_{k2} \dots z_{kr}) =$ **location of brand k in the rD space of factors**
 - ❑ **Proportion of variance explained for attribute $j = f_{1j}^2 + \dots + f_{rj}^2$**
 - ❑ **(this gives the length of the attribute vector)**
- ME Positioning 2006 - 58

Example Positioning Statements

For [target segment], the [product/concept] is [most important claim] because [single most important support].

Iomega

- For [PC Users], the IOMEGA Zip drive is the best available portable storage device because it is [the most cost-effective system].



Example Positioning Statements

For [target segment], the [product/concept] is [most important claim] because [single most important support].

J. C. Penney

- For “Modern Spenders” and “Starting Outs,” in mid-income levels who shop for apparel, accessories, and home furnishings we offer private-label, supplier exclusive, and national brands that deliver greater value than that of our competition because of our unique combination of quality, selection, fashion, service, price, and shopping experience.

Example Positioning Statements

For [*target segment*], the [*product/concept*] is [*most important claim*] because [*single most important support*].

Pantene

- For [*females 18-49 who possess dry damaged hair and believe they cannot achieve truly healthy/shiny hair*] Pantene is a [*hair care system (shampoo/conditioner/styling aids)*] that offers [*"hair so healthy it shines"*] because it [*"penetrates from root to tip" through its patented Pro-Vitamin B5 formula*].

Example Positioning Statements

For [*target segment*], the [*product/concept*] is [*most important claim*] because [*single most important support*].

Microsoft .NET

- For [*companies whose employees and partners need timely information*], Microsoft.NET is a [*new protocol and software system*] that enables [*unprecedented levels of software integration through XML Web services*], because [*unlike Java, .NET is infused into the Microsoft platform, providing the ability to quickly and reliably build, host, deploy, and utilize connected applications*].

Limitations

- ❑ Provides a static model - ignores dynamics of customer perceptions.
- ❑ Interpretation is sometimes difficult.
- ❑ Does not incorporate cost or likelihood of being able to achieve a desired positioning.
- ❑ Does not incorporate a “probability model” to indicate goodness of a map.
- ❑ Generally, need about 6 to 8 products in a category to make the technique useful.

ME Positioning 2006 - 63

Perceptions Vs. Preferences

- ❑ Perceptions are fundamentally different from preferences
- ❑ Customers may see Volvo as the safest car, but they may also have a low preference for it.

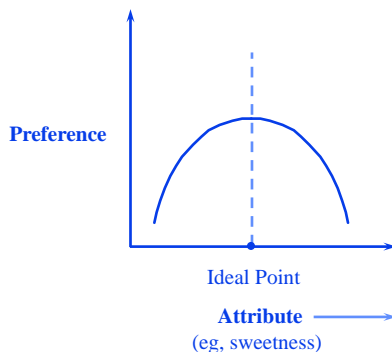
ME Positioning 2006 - 64

-
- ❑ Unlike perceptions preferences do not necessarily increase or decrease monotonically with increases in the magnitude of an attribute.
 - ❑ In some cases (e.g., sweetness of soft drink) each customer has an ideal level of the attribute above or below which a product becomes less preferred.
 - ❑ In other cases customers always prefer more of the attribute (e.g., quality of a TV set) or always prefer less of an attribute (e.g., waiting time before a car is repaired).

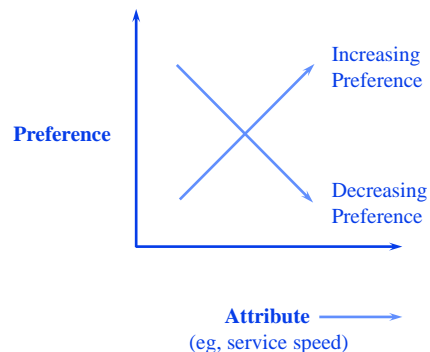
ME Positioning 2006 - 65

Two Preference Models

Ideal-Point Preference Model



Vector Preference Model



ME Positioning 2006 - 66

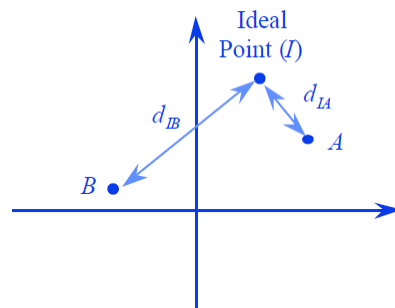
-
- ❑ The ideal brand thus becomes simply another alternative that customers evaluate.
 - ❑ In the resulting map, locations that are farther away from the ideal point (location of the ideal brand) are less desirable to customers than locations closer to the ideal point

ME Positioning 2006 - 69

Distance of a brand from the ideal-brand on the map is a measure of preference for the brand

.....

- ❑ B:
- ❑ is twice as far from the ideal point as alternative A,
- ❑ is preferred half as much as A.



A is preferred twice as much as B.
 $(d_{IB} = 2d_{IA})$

ME Positioning 2006 - 70



- ❑ The map we generate from this modified data set then includes a preference vector to indicate the direction of increasing preference.
- ❑ An alternative positioned farther along this vector is one for which customers have greater preference.

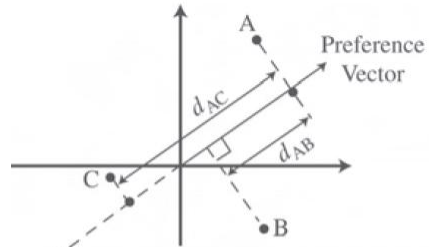
ME Positioning 2006 - 73



- ❑ Preference vector indicates the direction in which preference is increasing in the map.
 - Helps identify which attributes influence consumer preferences
 - Helps identify which brands are most preferred in the aggregate

ME Positioning 2006 - 74

- Suppose that alternative A is farthest along the preference vector.
- Then if B is half as far from A as C is from A along the preference vector, customers prefer B twice as much as C



Vector Map
 A is preferred to B and
 B is preferred to C.
 With reference to A, C
 is preferred half as much as B.
 $(d_{AC} = 2d_{AB})$
 (b)

ME Positioning 2006 - 75

- The preference vector shows that customer preference
- increases with improvements in
 - screen quality
 - perceived value of the product
- decreases with lower levels of battery life.



ME Positioning 2006 - 76

