

Positioning

Example Positioning Statements

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

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

JC 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 competitors] because of [our unique combination of quality, selection, fashion, service, price, and shopping experience]. (From jcpenny.com)

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Key Concepts

- ❖ **Differentiation**
 - (What you do to an offering):
 - Creating tangible or intangible differences on one or more attributes between a focal offering and its main competitors.
- ❖ **Positioning**
 - (What you try to do to the minds of customers):
 - A set of strategies a firm develops to differentiate its offering in the minds of its target customers.
 - Successful positioning will result in the offering occupying a distinct, important, and sustainable position in the minds of the target customers.

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Example Positioning Statements

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].

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].

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General Positioning Options

- ❖ **Unique** (Only supplier offering true, four color packaging)
- ❖ **Superior** (Relative to competition, we deliver 20% more on time delivery)
- ❖ **Equal but cheaper (commodity)** strategy (We will meet or beat any competitor's price)

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Hard to See Patterns

Customer Data Without Analytic Tools

Ratings of nine brands of notebook computers on several attributes

	B1	B2	B3	B3	B4	B5	B6	B7	B8	New
Attractive	5.1	3.6	3.5	5.4	3.9	4.8	5.2	4.0	5.2	4.0
Light	6.0	3.5	5.0	3.9	3.3	5.3	5.0	2.5	5.5	2.5
Unreliable	3.4	4.1	4.5	2.1	4.5	2.7	4.5	3.7	2.5	3.8
Plain	1.5	4.1	2.9	2.3	4.5	2.7	3.5	4.3	2.2	5.2
Battery life	3.3	4.9	4.3	4.1	3.9	3.0	3.5	6.2	3.5	4.0
Screen	3.5	5.3	3.4	6.4	5.4	5.2	3.3	6.0	3.3	4.8
Keyboard	2.6	3.5	2.5	3.4	3.8	3.3	2.8	5.0	4.3	4.7
Roomy	5.5	4.3	5.4	3.1	3.4	3.3	4.7	3.5	4.3	4.2
Easy service	4.5	4.9	3.3	5.0	4.4	4.5	3.3	4.7	3.8	4.5
Expandability	5.5	4.3	5.4	3.1	3.4	3.3	4.7	3.5	4.3	4.2
Setup	5.6	3.5	5.6	5.4	2.5	4.2	5.2	3.3	5.8	2.5
Common	4.1	3.5	3.3	2.9	4.0	4.3	2.2	4.2	3.3	4.2
Value	3.5	4.8	4.4	3.6	3.6	2.7	3.2	4.7	3.5	4.0
Preference	7.4	3.4	4.8	6.6	4.4	7.4	7.1	3.8	6.9	3.3

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Why Mapping?

An organic chemist reads diagrams such as the one here

An Electrical Engineer reads diagrams such as the one here

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Some Successful Positioning Themes

<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
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Conventional Mapping Using Snake Charts

1. Company provides adequate insurance coverage for my car.
2. Company will not cancel policy because of age, accident experience, or health problems.
3. Friendly and considerate.
4. Settles claims fairly.
5. Inefficient, hard to deal with.
6. Provides good advice about types and amounts of coverage to buy.
7. Too big to care about individual customers.
8. Explains things clearly.
9. Premium rates are lower than most companies.
10. Has personnel available for questions all over the country.
11. Will raise premiums because of age.
12. Takes a long time to settle a claim.
13. Very professional/modern.
14. Specialists in serving my local area.
15. Quick, reliable service, easily accessible.
16. A "good citizen" in community.
17. Has complete line of insurance products available.
18. Is widely known "name company".
19. Is very aggressive, rapidly growing company.
20. Provides advice on how to avoid accidents.

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A 7-Step Process for Positioning

1. Select target segment
2. Determine relevant competitive offerings
3. Determine potential differentiator-dimensions
4. Select sample of customers in target segment and get ratings of competitors on the selected dimensions
5. "View" the results (Perceptual Maps)
6. Relate to preference, choice, or market share (Preference Maps)
7. Develop positioning statement and associated strategies

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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.
- ❖ 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.

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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

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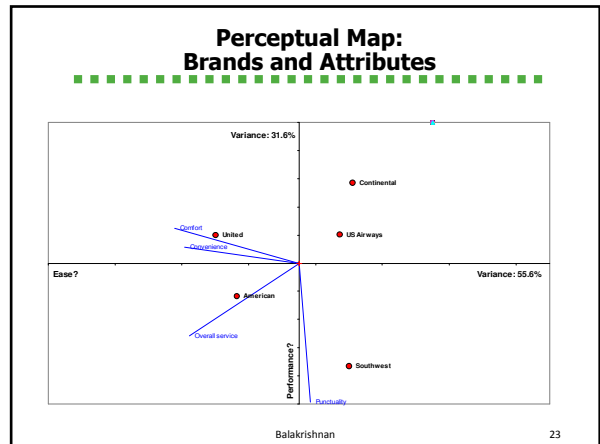
Example: Positioning American Airlines in a New Market

Generate a matrix of inputs for the analysis consisting of each customer's (C1, C2,...) ratings of each brand on each of the attributes:

		AA	UA	US	Con	SW
C1	Convenience	6	3	7	2	6
	Punctuality	4	3	4	1	4
	Service	5	7	3	6	5
	Quality	3	6	2	7	5
C2	Convenience					
	Punctuality					
	Service					
	Quality					

View the Results (How???)

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Can You "View" These Data?

Average Customer Ratings for Targeted Segment

	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

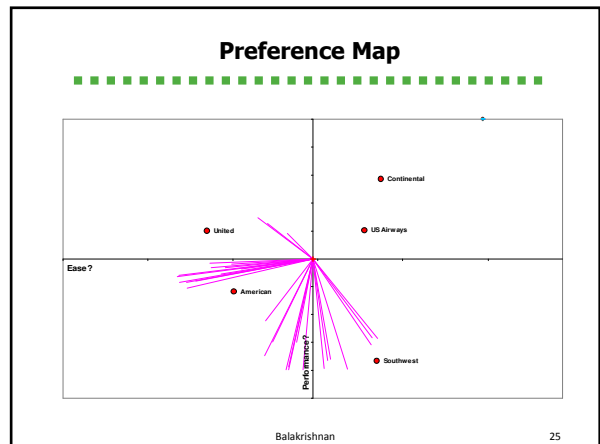
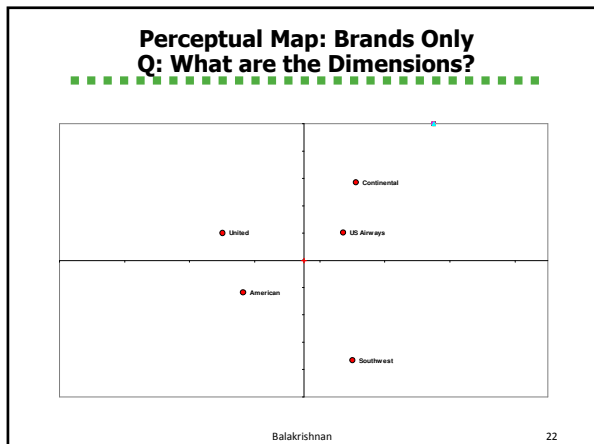
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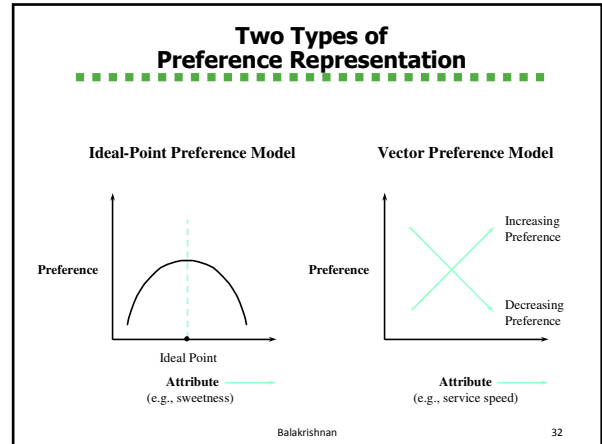
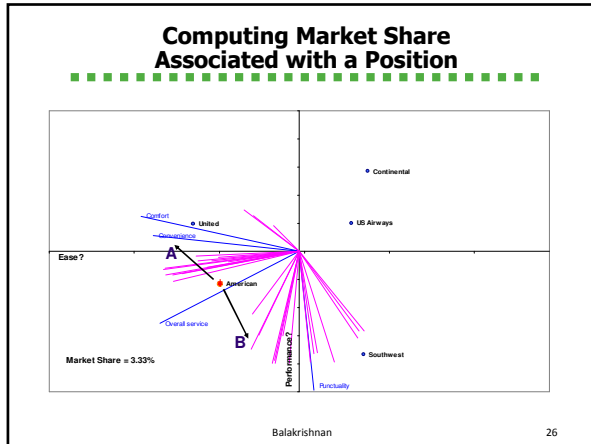
Preference Data

Customer ID	Preference Ratings				
	American	United	USAirways	Continental	Southwest
1	4	3	2	5	9
2	5	4	3	3	8
3	6	5	4	4	9
4	7	4	3	2	8
5	6	3	2	3	5
6	5	9	3	5	6
7	4	8	4	6	5
8	5	9	5	4	6
9	6	8	4	3	5
10	7	9	2	2	4

Perceptual maps can help you find "gaps in a market."
Preference maps help you find "markets in a gap."

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Interpreting Perceptual Maps

- ❖ The arrow indicates the direction in which that attribute is increasing (The attribute is decreasing in the direction opposite to the arrow). Thus, airlines positioned farther to the South direction are perceived as being more punctual and those positioned in the North direction are less punctual.
- ❖ The length of the line from the origin to the arrow indicates the variance of that attribute explained by the 2D map. The longer this line, the greater is the *relevance of that attribute* in helping you to interpret the map.
- ❖ Attributes that are both relatively relevant and close to the horizontal (vertical) axis help determine the meaning of the axis.
- ❖ To position an airline on each attribute, draw an imaginary perpendicular line from the location of that airline onto that attribute.

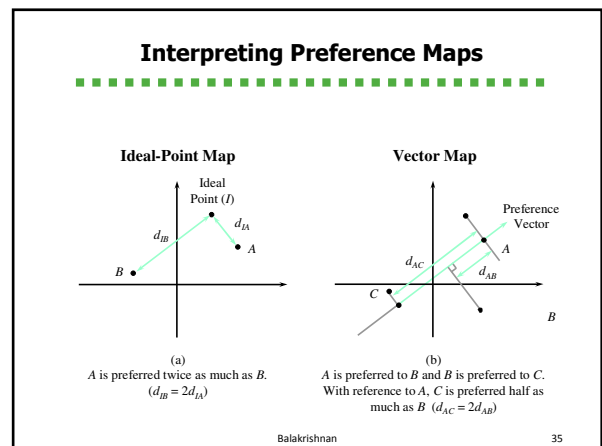
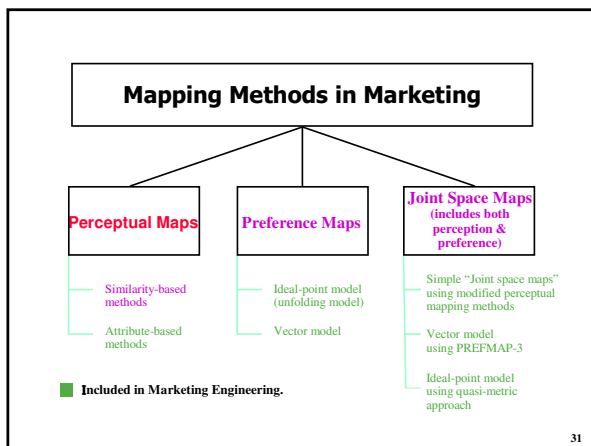
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Mapping Preferences

Objective—Introduce customer preferences into perceptual maps:

- ❖ A simple ideal point method: Introduce an "ideal" brand as an additional stimulus evaluated by customers.
 1. Combine attribute ratings of ideal brand with the other brands.
 2. Compare how similar the ideal brand is to the other brands included in the study.
- ❖ A simple vector method: Introduce "preferences" as an additional variable within the attribute ratings data.
 1. Analyze the preference variable simultaneously with evaluations of the cars on each attribute.
 - ▶ Identify which attributes influence consumer preferences the most
 - ▶ Identify which brands are most preferred in the aggregate.
 2. Analyze preferences separately for each customer.
 - ▶ Identify target segments that prefer the brand of interest the most.

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Translating Preferences to Choices

There are several ways to translate Preferences to Choices, and subsequently, to Market Shares. We consider two possibilities:

- ❖ **First Choice or Maximum utility rule**
 - Consumer chooses the product s/he prefers the most
- ❖ **Share of preference rule**
 - Consumer chooses each product in his/her consideration set in proportion to the relative preference for that product as compared to the other products.

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Implementing Positioning

- ❖ **Leverage strategically advantaged resources:**
 - **Product characteristics**
 - ▶ features, performance, durability, conformance, reliability, style, etc.
 - **Service attributes**
 - ▶ delivery, installation, consultation, customer training, repair, etc.
 - **Personnel**
 - ▶ competency, credibility, courtesy, responsiveness, etc.
 - **Brand image**
 - ▶ symbols, emotion, personality, etc.

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Evaluating Perceptual and Preference Maps

- ❖ **Technical adequacy**
 - What percentage of the total information (variance) in the raw data is captured in the map?
 - What percentage of the information of each attribute (variance) is captured in the map?
- ❖ **Managerial interpretation (example questions)**
 - What underlying dimensions seem to characterize how customers view the products?
 - What is the competitive set associated with the target product or new concept?
 - How well is a target product positioned with respect to the existing products?
 - Which attributes are related to each other?
 - Which attributes influence customer preferences positively? negatively?
 - What improvements will enhance the value of a product or new concept?
 - Which customer segments have positive perceptions and high preference for the product?

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Positioning is not ...

- ❖ just clever slogans or gloss
- ❖ what you push on your customers -- it is what customers will realistically grant you
- ❖ a one-time activity
- ❖ an appeal to everyone
- ❖ a way to make your product superior -- it is about finding a superior position in the minds of your customers.

Positioning is a way to "live your brand."

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Uses of Mapping

- ❖ Check how customer perceptions of client products compare to perceptions of competitors.
- ❖ Identify product strengths and weaknesses.
- ❖ Select competitors to compete against.
- ❖ Determine how much change is needed on key product attributes to move products to more favorable positions.
- ❖ Visually determine impact of communications programs on market perceptions.

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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.

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