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YOUR NAME: Salome Khelashvili

**Final Exam Strategic Tools for Marketers –Vermillion**

**Take Home Exam Due via dropbox on 5/30 by 9:15pm**

**You MUST have questions on exam** - simply fill in your answers in **a different color than blue.**

**1. How do you tie Perceptual Mapping and Conjoint Analysis together when presenting be specific? (5 pts)**

To solve a marketing problem such as when company wants to increase market share, we use two marketing tools perceptual mapping and conjoint analysis.

Perceptual mapping will help us identify attributes that need to be enhanced in order to reach our desired positioning and conjoint analysis will calculate market share and help us determine its market barrier.

**2. Define Perceptual Mapping and Conjoint Analysis. (4 pts)**

Perceptual Mapping is A target minds map their perception at that point is the reality, for its intuitive understanding we use odd numbers scale, so it has a clear middle and we follow steps, so we don't lose too much information. To create a perceptual map, we use 4 step strategy.

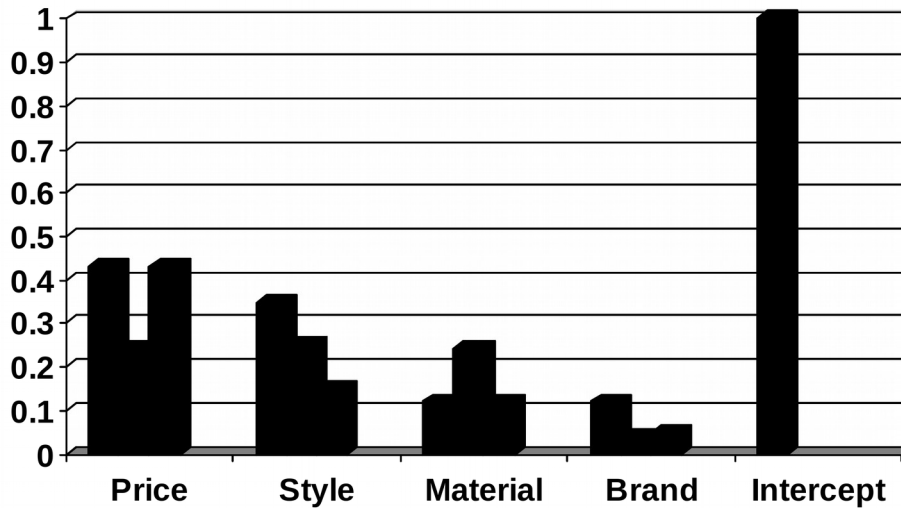
Conjoint Analysis simulates market value and puts numerical value on Attribute level. There 3 assumptions:

- Products are just a bunch of attributes.
- Products differ on an attribute level. If we change level product changes as well.
- People have different preferences.

**3. What is the problem with conventional marketing? (4 pts)**

Conventional marketing leads to head-to-head competition overtime. products start to look very similar within the market segments. Overall companies start to compete for price instead of producing new products. At the end functionality increases and price decreases simultaneously.

Use the chart below to answer questions 4-8



Legend for Graph above

Price: \$30,000 utility .45	\$40,000 utility .25	\$50,000 utility .45
Style: Small SUV utility .15	Midsize SUV utility .25	Large SUV utility .35
Material: Vinyl utility .11	Fabric utility .24	Leather utility .11
Brand: Chevy utility .11	Ford utility .03	Dodge utility .05

4. If I was a marketing manager - what is the ideal or best TPU product for chart – be sure to list feature level and utility? (4 pts)

Price: \$50,000 utility .45  
 Style: Large SUV utility .35  
 Material: Fabric utility .24  
 Brand: Chevy utility .11  
 Total Product Utility =TPU 1.25

5. Tell me why I am crying if I am the Ford, Chevy or Dodge brand manager? (3 pts)

Because based on this chart these brands aren't popular brands and their utility numbers are very low. Since intercept represents market intrigued barrier and, on this example, its 1, and of the brands are lower than that.

6. What can you tell me about price, style and material? Explain your answer! (10pts)

(Make assumptions about numerical value of style and material. Hint: the SUVs cost consumers as follows: Small SUV \$10,000, Midsize \$20,000, and Large \$30,000, consumer pays following for each material – Vinyl \$200, Fabric \$300, and Leather \$400)

I would say that they correlate with each other. Price grows by \$10,000 and based on material it grows by \$100.

Other than that, if we were to calculate overall feature importance

Price range:  $.45 - .25 = .2$   $.2 / .53 = 37.74\%$

Style range:  $.35 - .15 = .2$   $.2 / .53 = 37.74\%$

Material range:  $.24 - .11 = .13$   $.13 / .53 = 24.53\%$

Sum of range = .53

We can see that price and style are equally important features for this brands which makes them “hot buttons” and material is somewhat less important.

7. What is the most important thing you can tell me about a \$40,000, Large SUV, Vinyl, Ford? (2 pts)

Its TPU is .74 which makes it worst possible product.

8. Calculate Market Share for the following SUVs. (15pts) You MUST show your work!

Product A: 30,000, Midsize, Leather, Ford

Product B: 30,000, Midsize, Vinyl, Chevy

Product C: 50,000, Large, Fabric, Dodge

Product A		Product B		Product C	
30,000	.45	30,000	.45	50,000	.45
Midsize	.25	Midsize	.25	Large	.35
Leather	.11	Vinyl	.11	Fabric	.34
Ford	.03	Chevy	.11	Dodge	.05
TPU	.84		.92		1.18

Product A =  $\exp(.84) / [\exp(.84) + \exp(1.18) + \exp(.92)] = 2.34 / (2.34 + 3.25 + 2.51) = 28.8\%$

Product B =  $\exp(.92) / [\exp(.92) + \exp(1.18) + \exp(.84)] = 2.51 / (2.51 + 3.25 + 2.34) = 30.99\%$

Product C =  $\exp(1.18) / [\exp(1.18) + \exp(.92) + \exp(.84)] = 3.25 / (3.25 + 2.51 + 2.34) = 40.12\%$

9. How many **total** profiles would the following features and levels create – (only give one number!!!)? (3 pts)

Material:	linen	cotton	denim
Color:	blue	red	white
Style:	hip	square	classic
Sleeves:	long	short	3/4
Neck:	V	polo	button down

$3 \times 3 \times 3 \times 3 \times 3 = 243$

Use the perceptual maps posted on Blackboard under Course Documents and named “Final Exam Maps” as a guide for the following two questions:

10. List the order of Brand Preference for drinks on the perceptual maps. Explain. (5 pts)

From the most preferred (being closest to the right side of preference line on the second map) to the list. Pepsi, Coke, Dr. Pepper, 7-Up, Red Bull, Sierra Mist, Mountain Dew, Fresca, Adrenaline Rush, Crush.

11. If you were the marketing team for Fresca and wanted to reposition Fresca to be a preferred soft drink competing with 7-Up and Sierra Mist what would you do? **Be specific.** (15pts)

I would move fresca in a desirable space.

1. Identify primary attributes  
Good reputation, classy, sweet, original flavor
2. Identify secondary attributes  
Bold packages, intense carbonation, refreshing, easy to find

Looking at the competitive clusters Fresca would be in the same cluster as 7-Up and Sierra Mist. Would become easy to find, non-energy refreshing drink.

12. Where are the coordinates for attributes on the SPSS output? (2 pts)

Rotated component matrix - plots points for attribute. Last page of SPSS

13. Where are the coordinates for brands on SPSS? (3 pts)

Plot point of brand is the first page of SPSS data.

Brands are under the variable name (which is vertical) and the variable type is “String”

14. How do you know what recommendations should be considered strong recommendations when doing a Perceptual Mapping and Conjoint Analysis project for a company? (10 pts)

Perceptual mapping gives us understanding of competitive marketplace, define need attributes and alternatives, factor analysis with mapping software. Then with conjoint analysis we were able to utilities of cereal features finding the best and the worst PTU value. After simulating market share, we determine what features need to be changed in order to have better TPU and only after that we know what to recommend.

15. What does TVE mean? (2pts) (explain meaning not just what letters stand for)

Total variance explained, how much data is captured. Which should be 60% or more for perceptual mapping.

16. Rescale the following output that has been run through Regression Data Analysis? (5pts)

Intercept	4.32
X1 - \$100	3.7
X2 - \$200	1.2
X3 - 10mpg	-.98
X4 - 20mpg	.21
X5 - Silver	3.2
X6 - Black	2.1
X7 - \$300	0
X8 - 30mpg	0
X9 - Red	0

[illegible]

17. Explain what TPU means. (3pts) (Not just what letter stand for)

The intercept represents the Total Product Utility (TPU) level at which a product must be in order to compete in the market.

18. A high tech company is trying to find out how important certain attribute levels are to customers. What tool would be best to help them understand the most important attribute levels? (5pts)

Step 3- using factor analysis which reduces data without losing information. Us SPSS enter the data. When transferring everything on excel and looking at the map 3-5 attributes closest to the preference line are primary attributes and secondary attributes are in 4-5 attributes within the desired space.