ESSEC BUSINESS SCHOOL

Strategic Marketing Analytics

Session 4
Positioning

Today's agenda

- Positioning analysis
  - The need for positioning maps
  - Understanding customers' perceptions
  - Correspondence analysis
  - Mapping preferences
- Software overview

THE NEED FOR POSITIONING MAPS

Managerial issues

Managerial issues positioning addresses:

- How to capture the way customers develop their perceptions ?
- How do competitive products position themselves in relation to customers' perceptions ?
- Are there market opportunities for new offerings, better or modified positioning of current offerings?
- How to link perceptions and preferences to explain behaviour ?

What do you see?

What do you see?

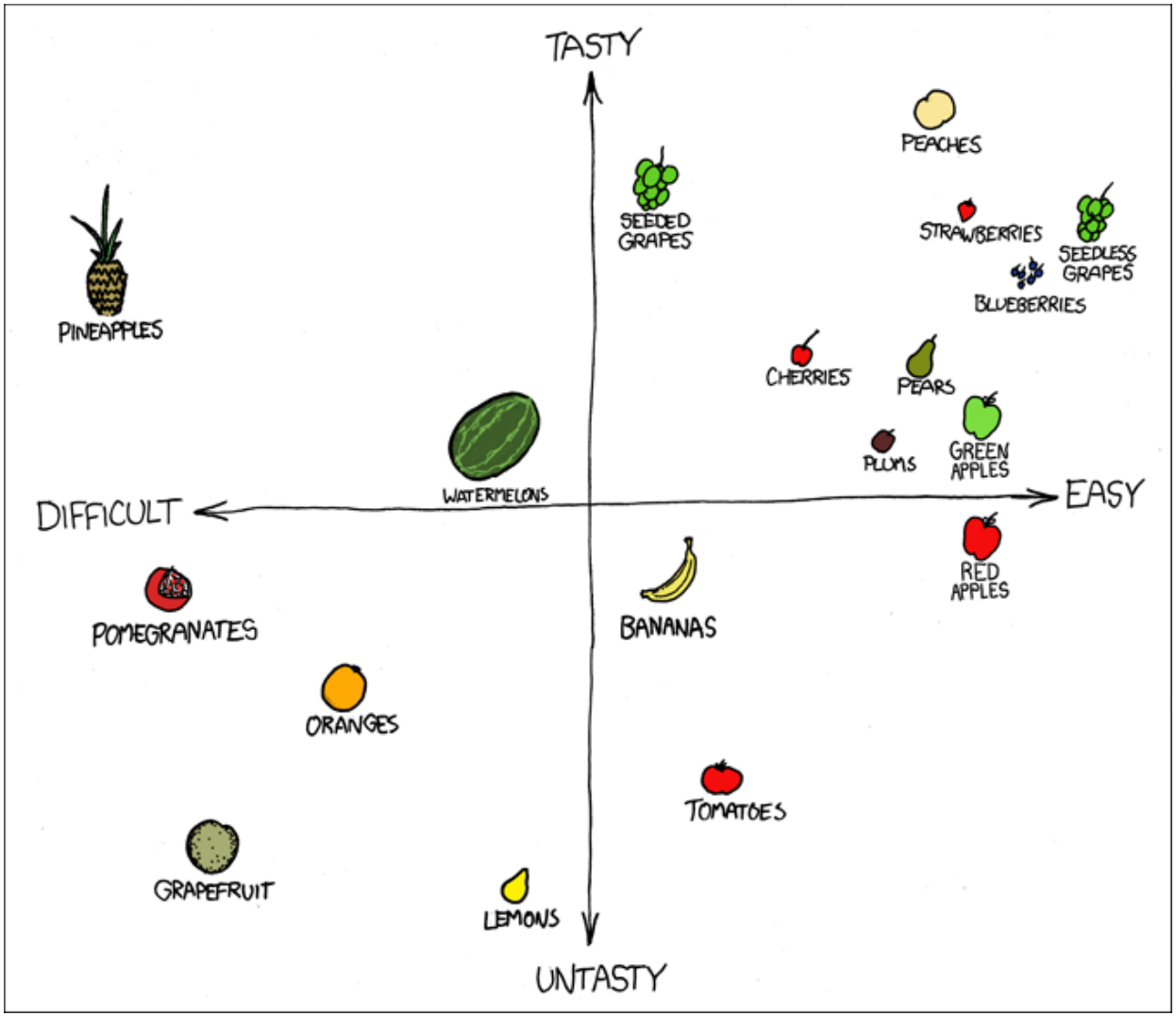
Perceptual Data

Average score each brand achieves on each attribute from your sample of respondents.

Attributes / Brands	Aubade	Christian Dior	Calvin Klein	Darjeeling	Dim	Esprit	Etam	Playtex	Princesse Tam-Tam	Wonderbra
Esthetism	5.9	5.4	4.3	4.3	3.7	3.8	3.8	3.7	4.9	3.5
Comfort	4.9	4.5	5.1	4.4	5.5	4.6	4.6	4.7	4.8	3.7
Price	5.8	6.9	5.8	4.7	3.1	4.2	2.7	3.6	4.5	4.7
Originality	5.5	5.3	3.7	4.0	3.2	3.2	3.4	2.6	4.7	3.1
Sexy	6.1	5.3	3.4	4.7	2.9	3.2	3.8	2.4	4.6	4.3
Redefine body	4.1	3.3	2.6	3.1	3.1	2.7	2.8	3.4	3.3	5.3
Special	3.8	3.4	2.4	2.8	2.4	2.5	2.4	2.3	3.2	3.5
Adequation	4.1	2.3	3.9	3.7	4.4	4.0	4.8	2.4	4.6	2.4
Seduction	5.7	4.2	3.7	4.0	3.2	3.4	3.7	2.4	4.7	3.7
Attachement to brand	3.9	2.5	2.8	3.0	3.4	2.7	3.2	1.9	3.8	1.9
Purchase frequency	2.3	1.1	1.8	2.2	3.4	1.9	3.6	1.6	3.0	1.3

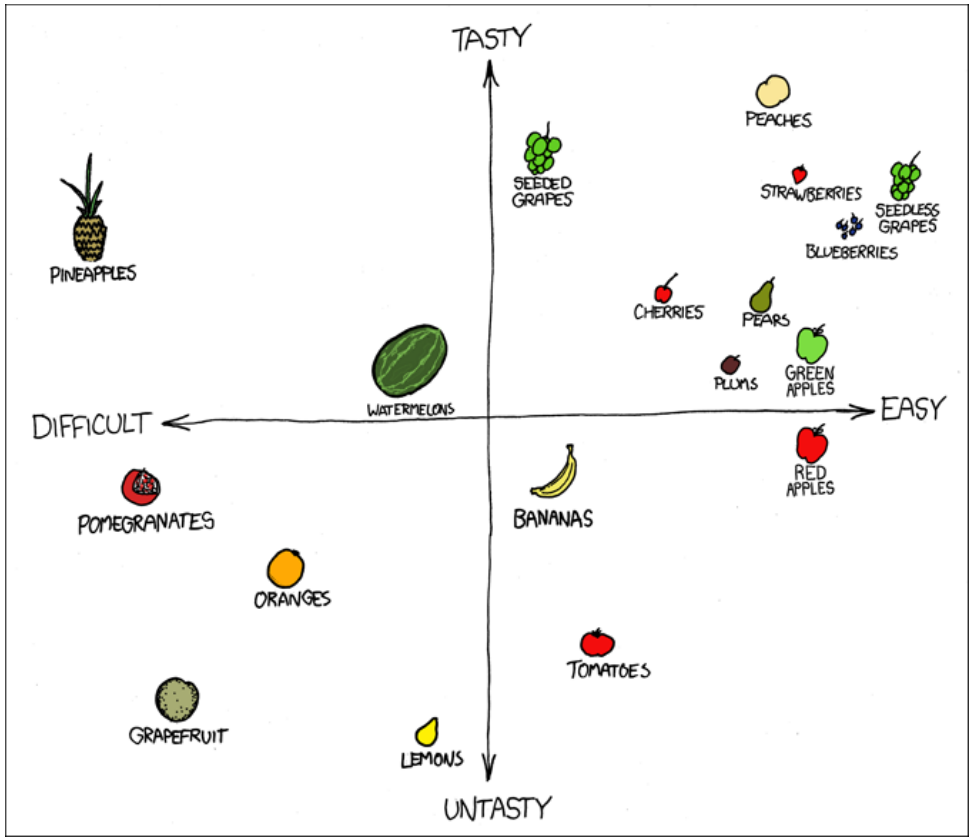
- Perceptual study about underwear brands
- Average perception scores
- Sample: 19-25 year-old women

A simple positioning map...



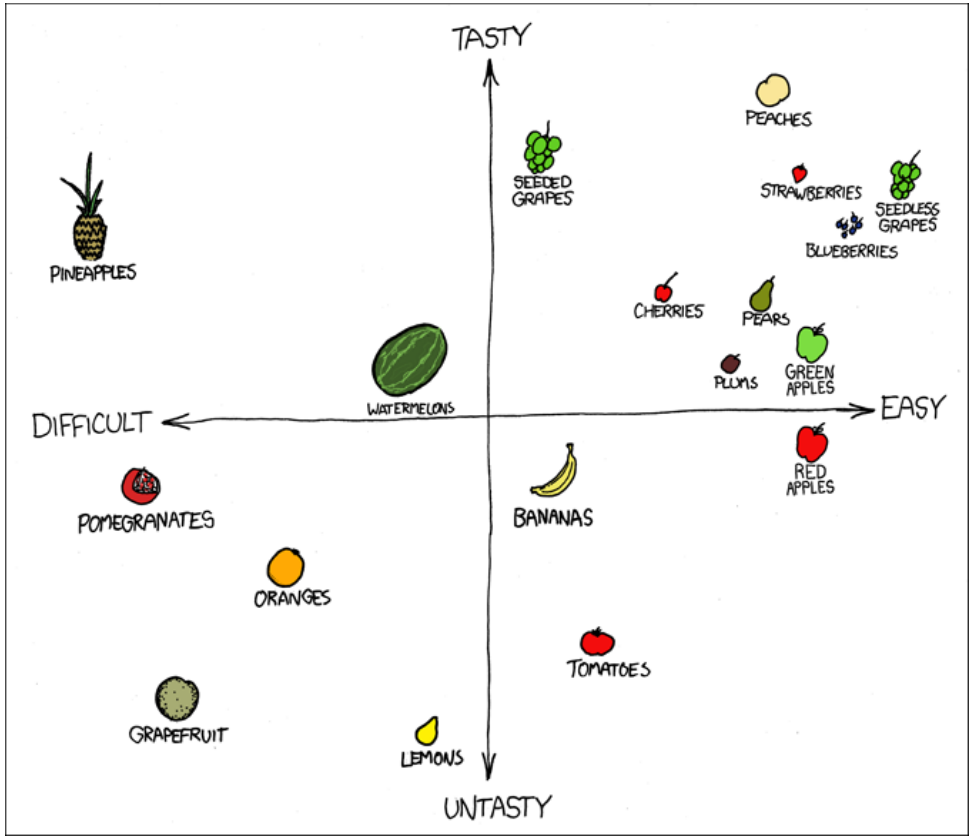
Positioning map : a simple definition

- Place “competitors” on a map
  - Products
  - Companies
  - Offerings
- Position them along relevant dimensions (relevant to the customers)
- Short distance = fierce competition



Simple tool, powerful insights

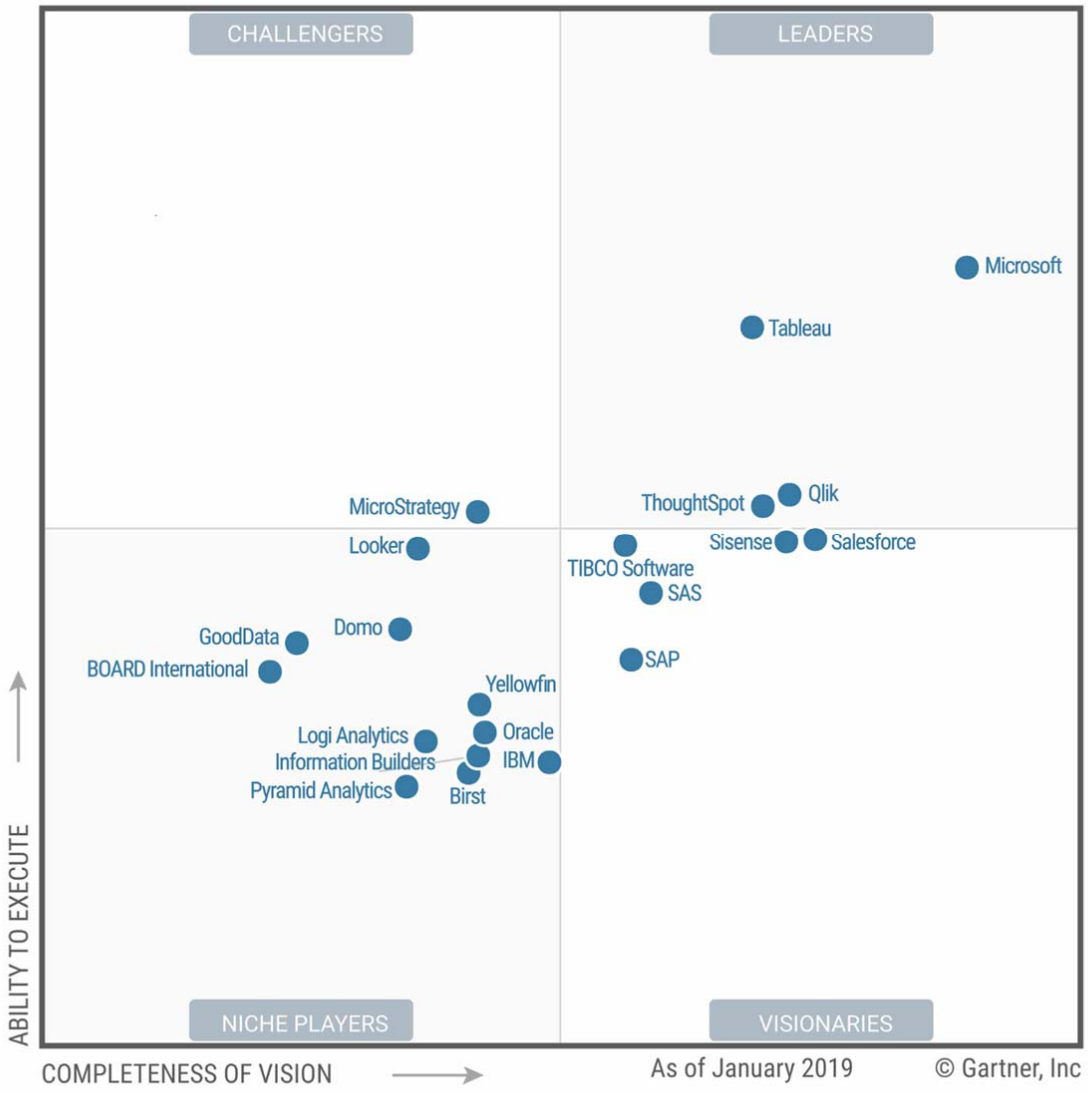
- Easy to read, analyze
  - Graphical
  - 2D map
  - Human beings are good with graphical representations
  - Much better than with raw numbers
- Easy to communicate, to convince, to act
  - Ah-ah! factor



“Magic” Quadrant

- So powerful, it’s magic…

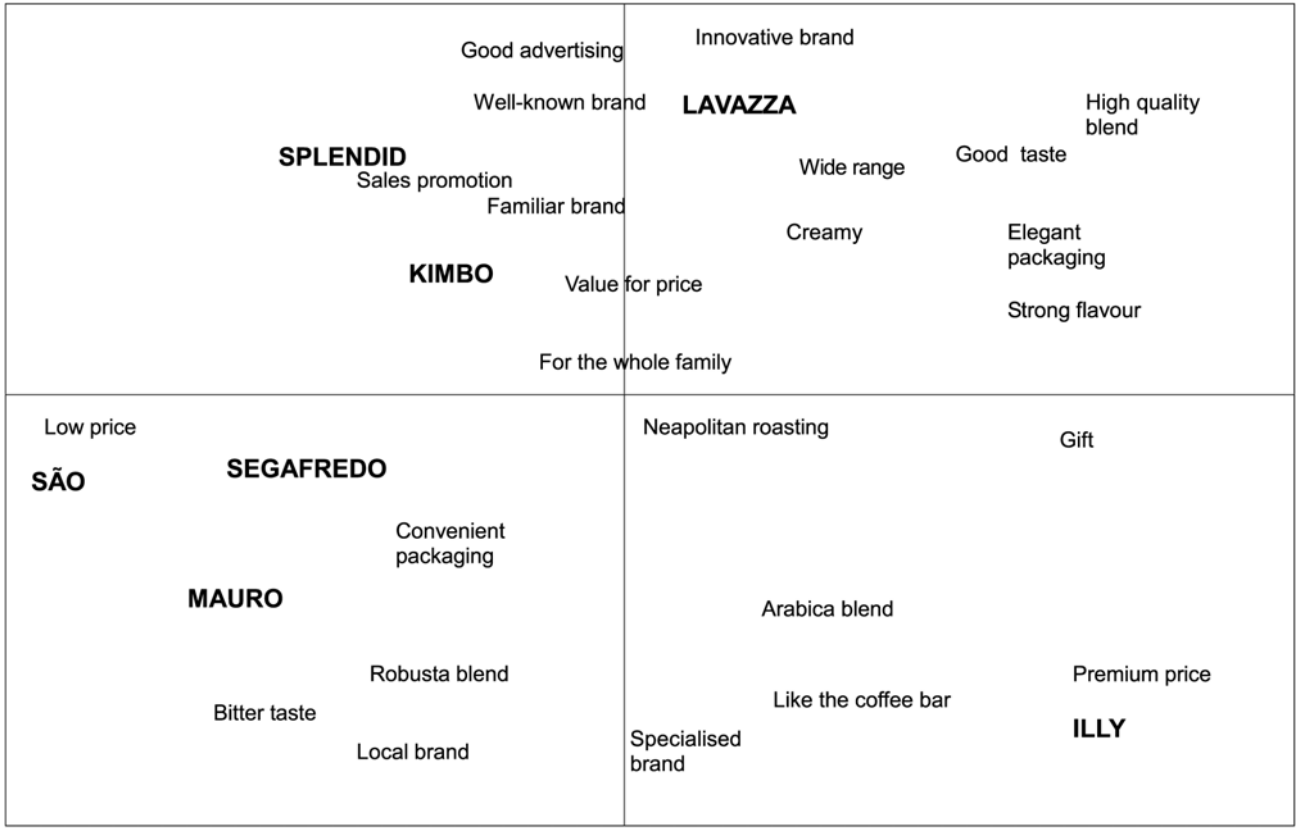
Figure 1. Magic Quadrant for Analytics and Business Intelligence Platforms



Source: Gartner (February 2019)

But…

- What if 2 dimensions are not enough?



Source: Kraft Jacobs Suchard

"Marketing food brands in Italy: a case study approach," Carlo Alberto Pratesi, British Food Journal (2002), 104(6), pp.413:464

But…

- What if 2 dimensions are not enough?
- What data to collect? Is it hard to do?
- How to link these perceptions to preferences and market shares?

Why we should care

UNDERSTANDING CUSTOMERS' PERCEPTIONS

Volvo

- Volvo has always been positioned on the SAFETY dimension…

"We've been saving people in car accidents for more than 80 years" (Volvo website)

Illustration #1

Volvo

- GM first to perform barrier crash test (1934)
- SAAB first to produce cars with a safety cage (1949)
- FORD first to build a fleet of cars with airbags (1971)
- Yet…

VOLVO = SAFETY

Illustration #2

Drilling company

- A mining and drilling company
- They came up with a breakthrough technology
  - Faster
  - Cheaper
- Yet, it did not sell, until…

Illustration #2

Drilling company

This is how the company saw its market…

- They were faster and cheaper then competition
- They were “dominating”
- Yet, sales were not impressive…

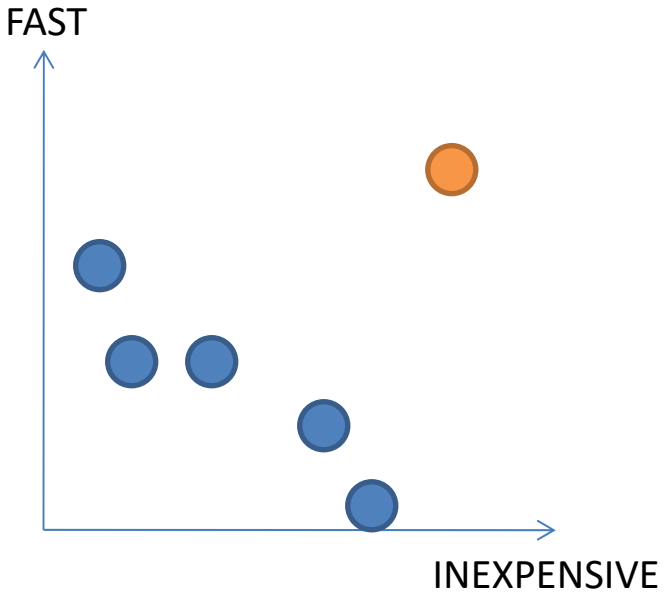
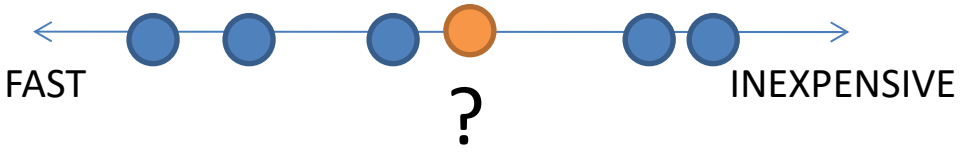


Illustration #2

Drilling company

This is how their customers saw the market…

- Their positioning was not credible



- Their product became very successful… once they increased price

Illustration #3

Débitel

- Débitel = French, low-cost “reseller” or “aggregator”
  - Cell phone company, with no network
  - Buys air time from SFR, #1 network in quality
  - Like Immix Wireless in the USA

- Perceptions of “network quality”
  - SFR = 8.0 / 10
  - Débitel = 5.9 / 10
  - Same network

- Débitel purchased by SFR (Simpleo, 2008; Simplicime 2009), then La Poste Mobile (2011)

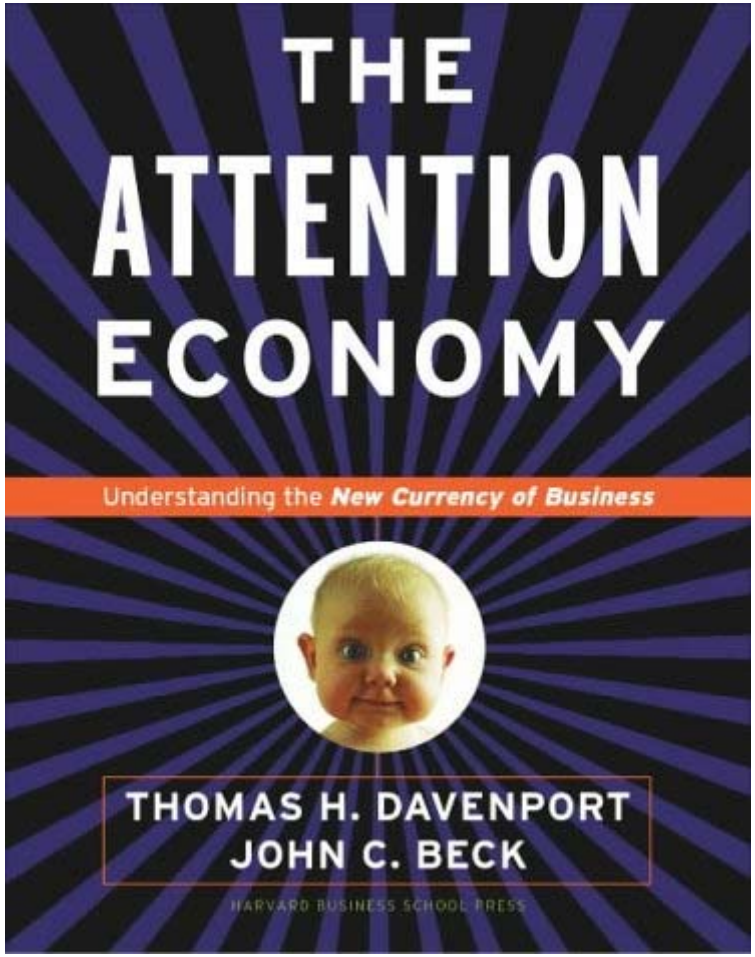
Logo en septembre 2008 | Logo du 25 septembre 2008 à juillet 2009 | Logo du 7 juillet 2009 à mai 2011 | Logo du 23 mai 2011 à février 2019 | Logo depuis février 2019

Illustration #4

Cat litter

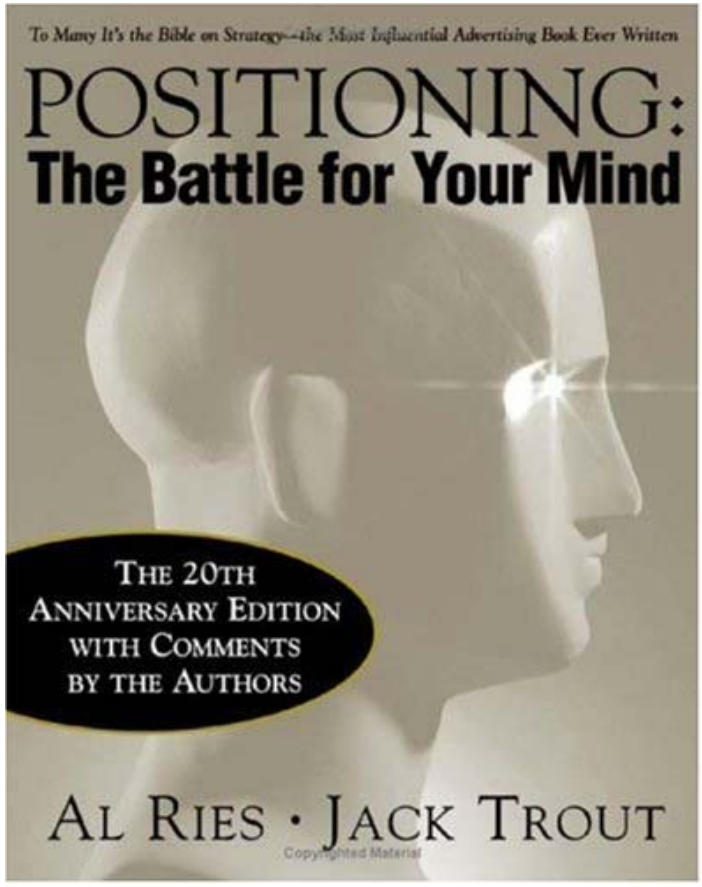
- Cat litter
- White vs. blue grains
- Just plain clay
  - Painted in blue
  - No chemical properties
  - No perfume

We live in an attention economy



You cannot be everything to everyone

- Focus
- Clarity
- Brevity
- Coherence



Truth matters less than perceptions

debitel
sur le réseau SFR

Adapt to your customers' perceptions

- Wishful marketing = a death wish
  - Wishful marketing = Communicate what you'd like to be, rather than what you are
- Shaping market perceptions = an expensive death wish

The positioning map imperative…

- If customers' attention span is short…
- If you need to convey a highly focused message…
- If their perceptions matter more than your reality…


It is critical to map customers’
mind

CORRESPONDENCE ANALYSIS

Correspondence analysis

Human brain is not very good at visualizing numbers

- Need a method to represent graphically complex patterns

Correspondence Analysis

(a.k.a. Perceptual Mapping, Multi-Dimensional Scaling, Factor Analysis, Principal Component Analysis)

Correspondence analysis

Correspondence analysis allows for the reduction of an important number of variables (product attributes, perceptions) into sub-sets of key dimensions by analyzing their correlations

Example

Perceptual Data

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- Perceptual study about underwear brands
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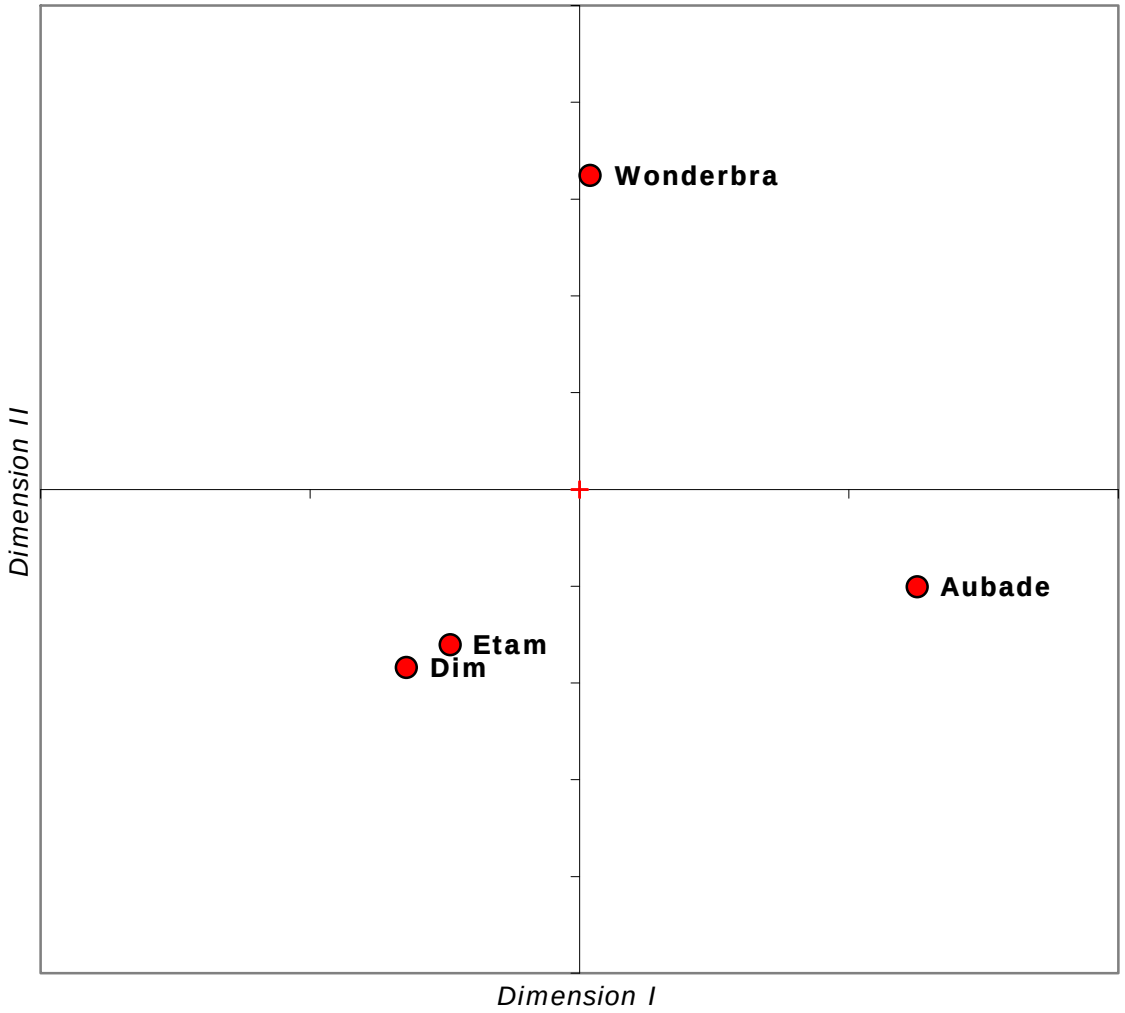
Mapping the brands/products

Brands that are close on the map are close competitors

Customers have similar perceptions about these brands

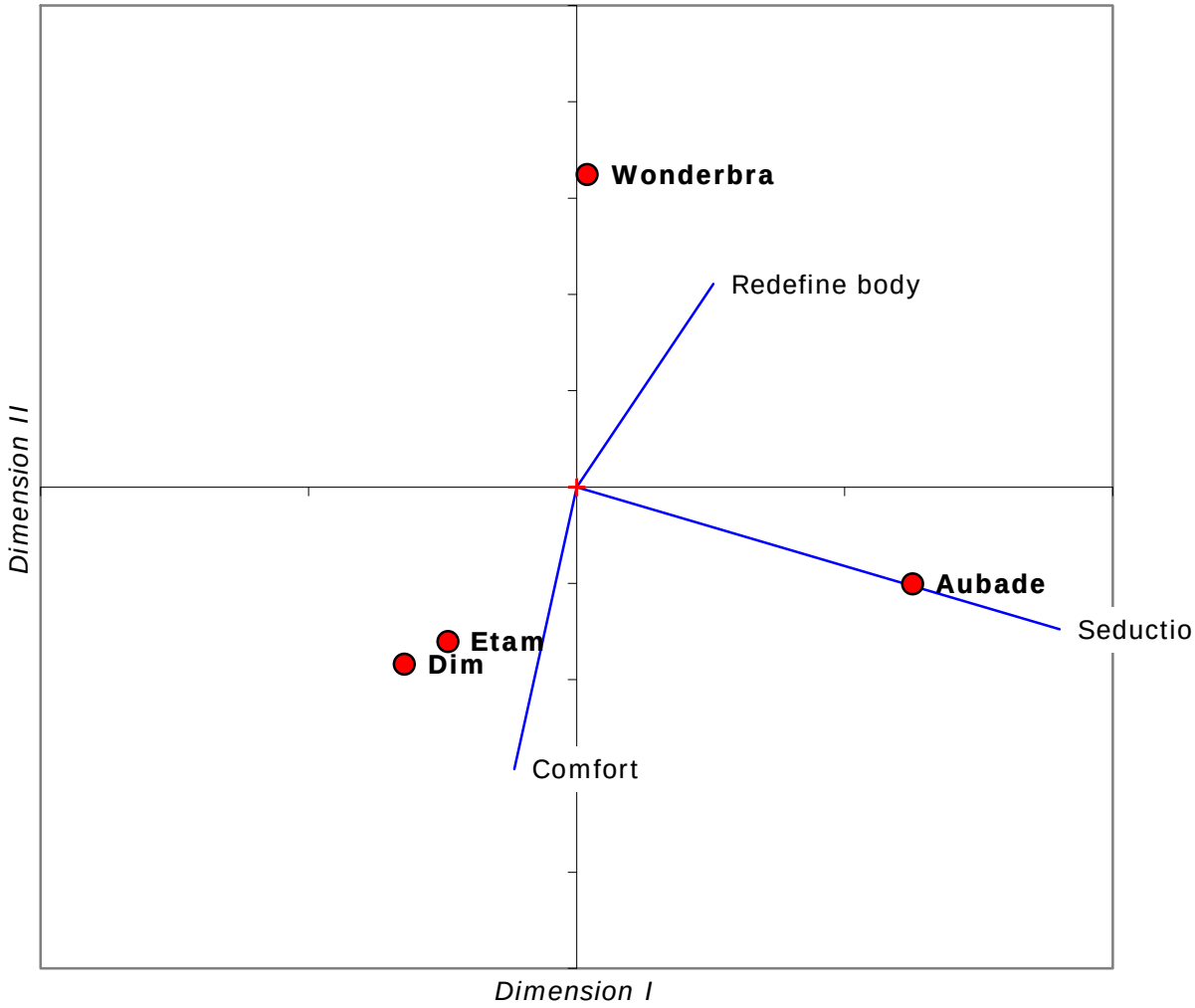
These brands compete on the same dimensions. But which ones?

(e.g., Dim and Etam are close competitors)



Mapping the dimensions

Attribute lines show along which key dimensions brands are positioned

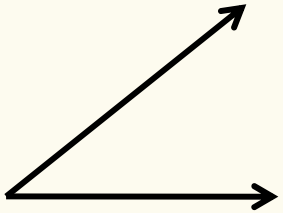


(e.g., Dim and Etam are perceived as very comfortable)

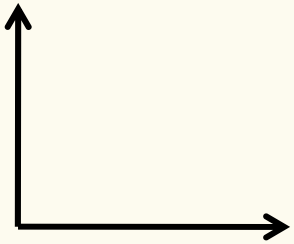
Mapping the dimensions

Highly correlated

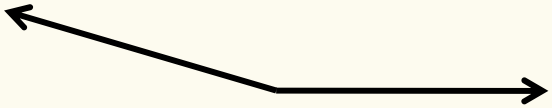
Somewhat correlated



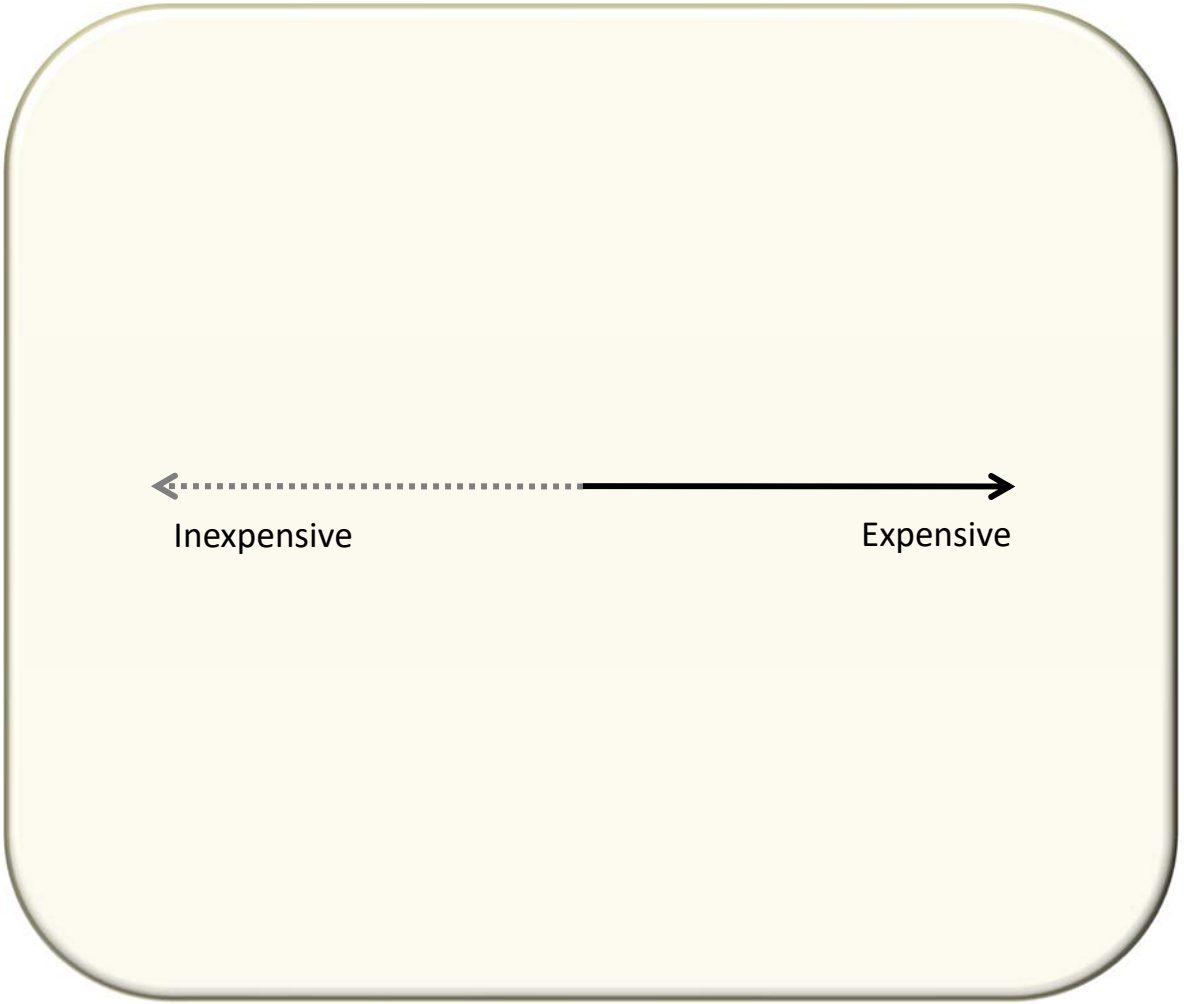
Uncorrelated



Negatively correlated



Mapping the dimensions

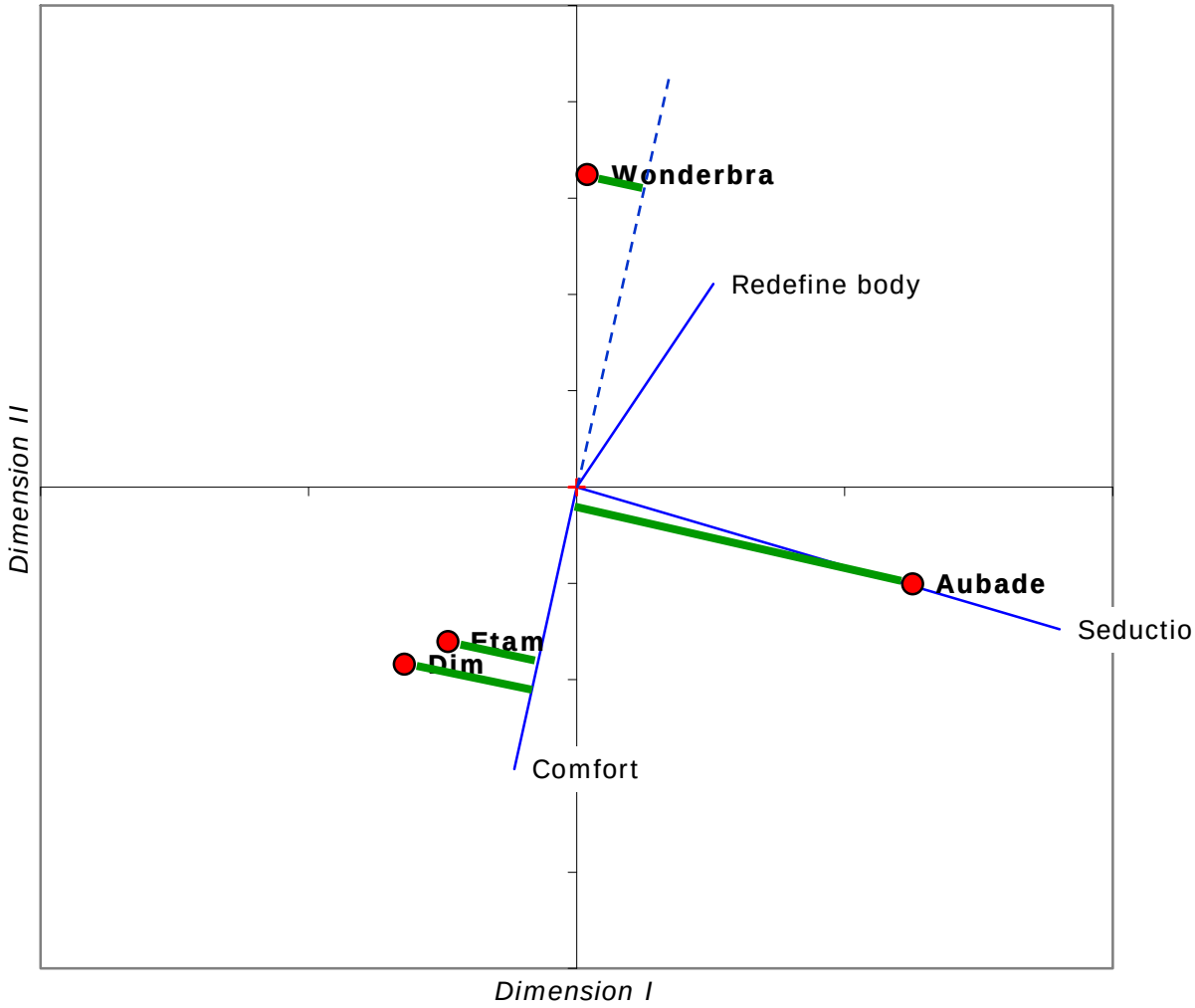


Linking brands to dimensions

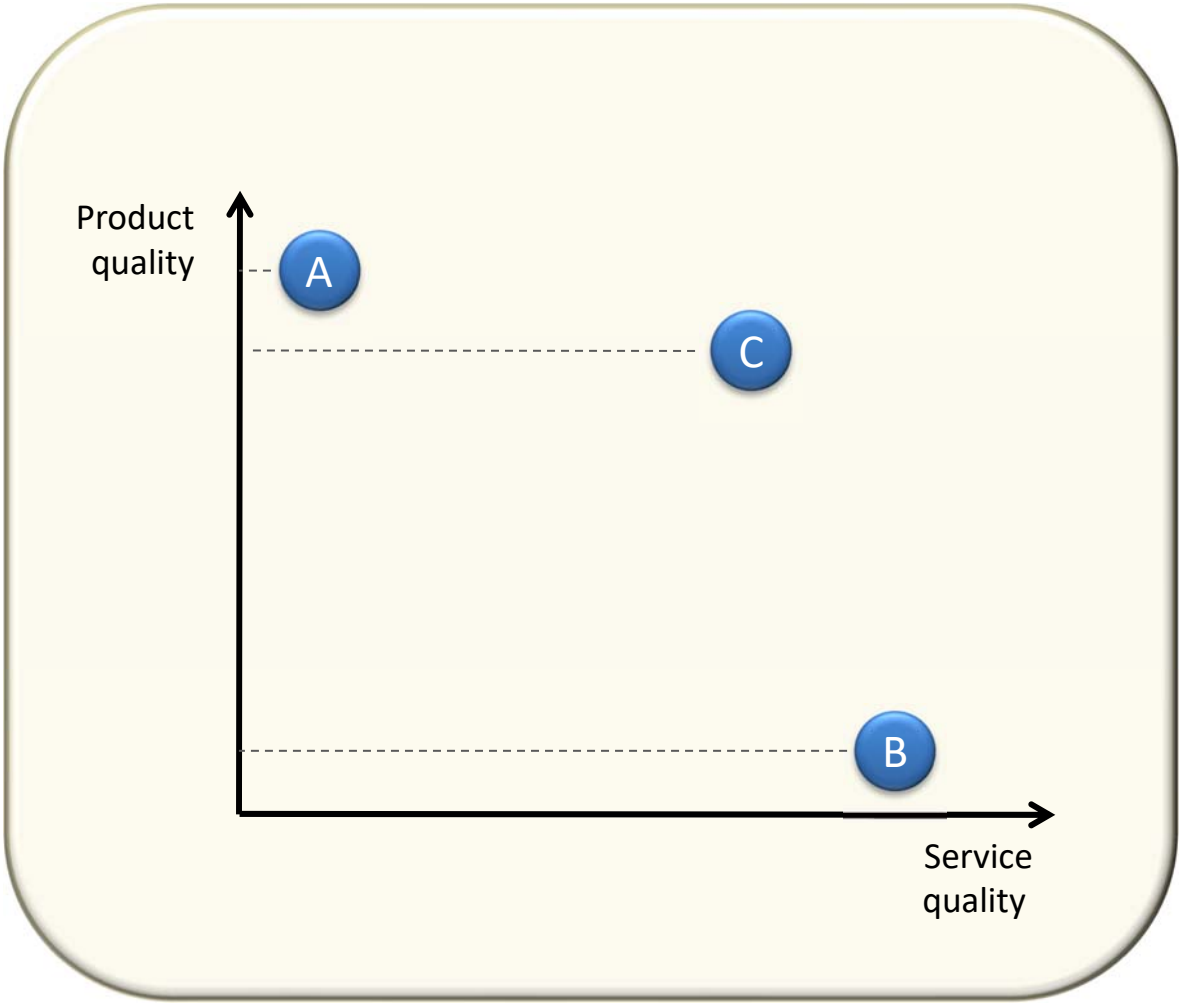
How to compare brands along one dimension?

- Expand dimensions
- Get orthogonal projections

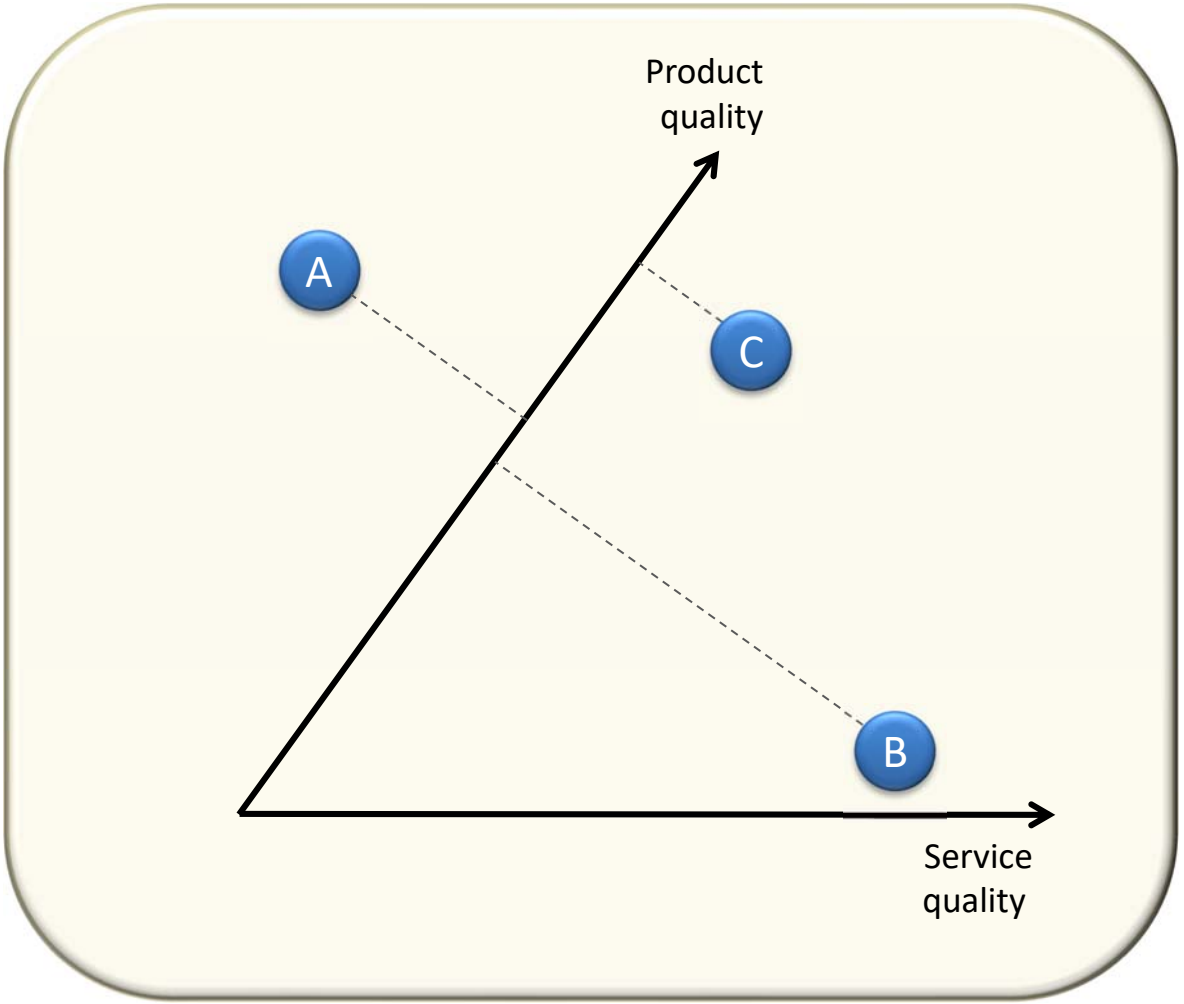
(e.g., Dim and Etam most comfortable, Aubade in the middle, Wonderbra least comfortable)



Linking brands to dimensions



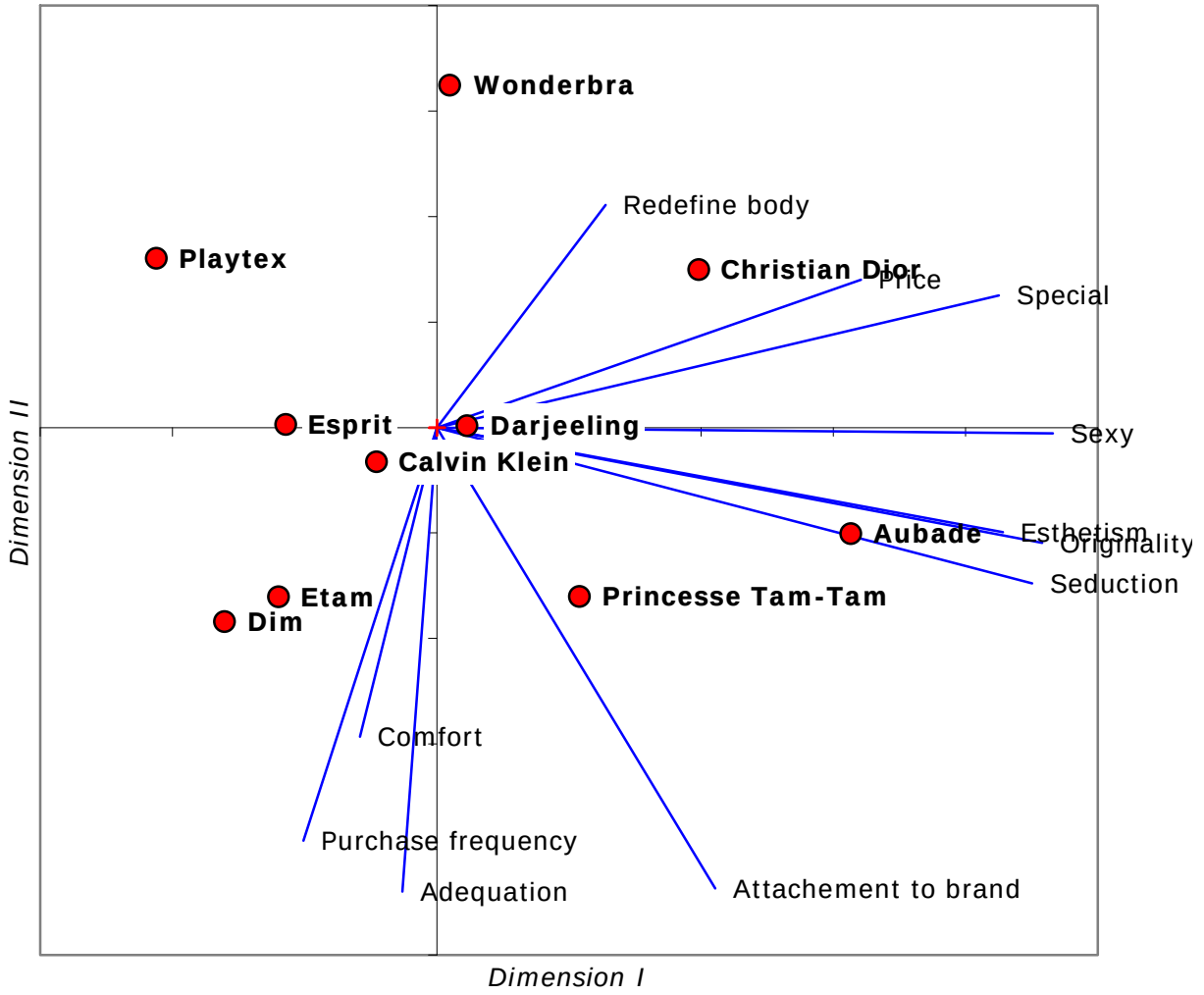
Linking brands to dimensions



A complete example

Interpreting the map

- Highly correlated dimensions go toward identical directions
  (e.g., price, sexy, seduction, special)
- Negatively correlated dimensions go in opposite directions
  (e.g., redefine body, comfort)
- The further away from the origin, the more significant/ meaningful



Mapping preferences

- Some dimensions are correlated with customers' preferences, choices, and ultimately market shares. Some are not.
- Example:
  - Wonderbra is well positioned on the « Redefine Body » dimension, but we have no guarantee that this characteristic is desired by the target population
- We need to link perceptions to preferences

Mapping preferences

- Preference data (one row per respondent)

Preference Data

Preference score data obtained for each brand from each respondent.

Respondents / Brands	Aubade	Christian Dior	Calvin Klein	Darjeeling	Dim	Esprit	Etam	Playtex	Princesse Tam-Tam	Wonderbra
Respondent 1	5	5	2	5	4	4	4	3	5	5
Respondent 2	4	5	3	4	5	3	3	1	6	4
Respondent 3	6	5	5	4	4	2	3	4	4	5
Respondent 4	5	6	4	4	3	3	3	3	4	4
Respondent 5	6	4	2	5	4	3	5	3	6	2
Respondent 6	5	6	4	4	3	3	3	4	5	5
Respondent 7	5	4	4	5	3	2	4	2	4	3
Respondent 8	6	5	5	4	3	5	4	3	5	2
Respondent 9	7	4	3	4	2	3	3	2	4	2
Respondent 10	4	3	4	4	4	5	5	3	4	2
Respondent 11	5	3	3	3	4	3	4	3	4	2
Respondent 12	5	3	4	5	2	4	4	2	3	3
Respondent 13	4	4	6	5	4	4	3	1	5	3
Respondent 14	5	3	3	5	3	4	5	3	4	2
Respondent 15	5	2	4	5	4	6	4	4	5	2
Respondent 16	4	4	6	3	4	3	4	1	5	1
Respondent 17	3	3	4	2	5	4	4	2	3	1
Respondent 18	5	2	4	4	4	4	4	1	4	4
Respondent 19	5	4	1	4	3	2	2	3	2	7
Respondent 20	5	2	4	4	2	2	4	4	2	7

Mapping preferences

Each fuchsia line represents the Preferences/choices of a customer

- Some dimensions barely matter
- Customers' preferences are heterogeneous

Running a positioning study

Stage 1 — Design the positioning study

- Select relevant Brands
- Select relevant Dimensions

Stage 2 — Collect data

- Develop the survey
- Collect data

Stage 3 — Analyze data

- How many dimensions?
- Interpret brands and competition
- Interpret key dimensions and axes
- Identify brands/dimensions not well explained

Stage 1

Design the positioning study

- **Select relevant Brands**
  - Select products which are known by the segment and which can be evaluated
  - Don't forget to include the leading brands of the product category

- **Select relevant Dimensions**
  - Select descriptive attributes (relevant ones)
  - Don't forget to include most representative attributes of the brands included (e.g., if you include "Volvo", don't forget "Safety")
  - The selected attributes need to be related to known perceptions on which the products are usually evaluated
  - Choose the evaluation scale for the attributes (e.g., 1-7)

Stage 2

Collect data

- Develop the survey
  - Use the software to design a template
  - Perceptual data
  - Preference data
- Collect data
  - One matrix per respondent
  - Perceptual data: averaged over the sample
  - Preference data: one line per respondent

Respondent 1				
Attributes / Brands	Brand A	Brand B	Brand C	Brand D
Attribute 1				
Attribute 2				
Attribute 3				
Preference Score				

Stage 3

Analyze data

- How many dimensions?
  - If 2-dimension map not enough, go to 3-dimension map
  - Check "variance explained" in the output

Dimensions / Items	1	2	3	4	5	6	7	8
Total variance explained	47%	21%	14%	10%	6%	2%	1%	0%
Cumulative variance explained	47%	67%	81%	91%	97%	99%	100%	100%

- Interpret brands and competition
  - Which brands are close to one another?
- Interpret key dimensions and axes
  - Which dimensions are correlated? Negatively correlated? Perpendicular?
  - Can you give a meaning to the x- and y-axis?
- Identify brands/dimensions not well explained/captured
  - Bad positioning?
  - Unknown from respondents?
  - Flawed or missing data?

Software overview

Positioning

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That's all folks