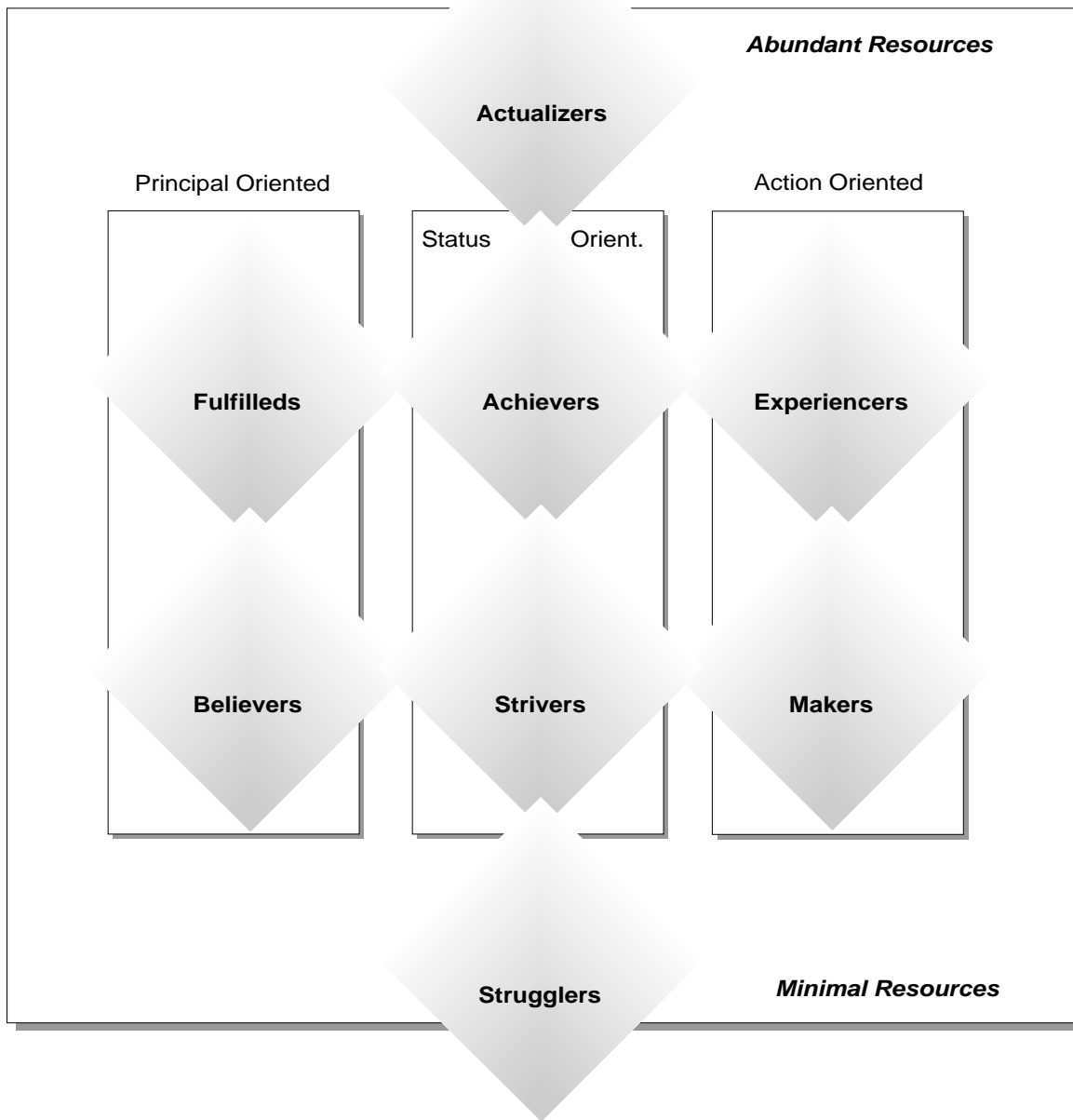


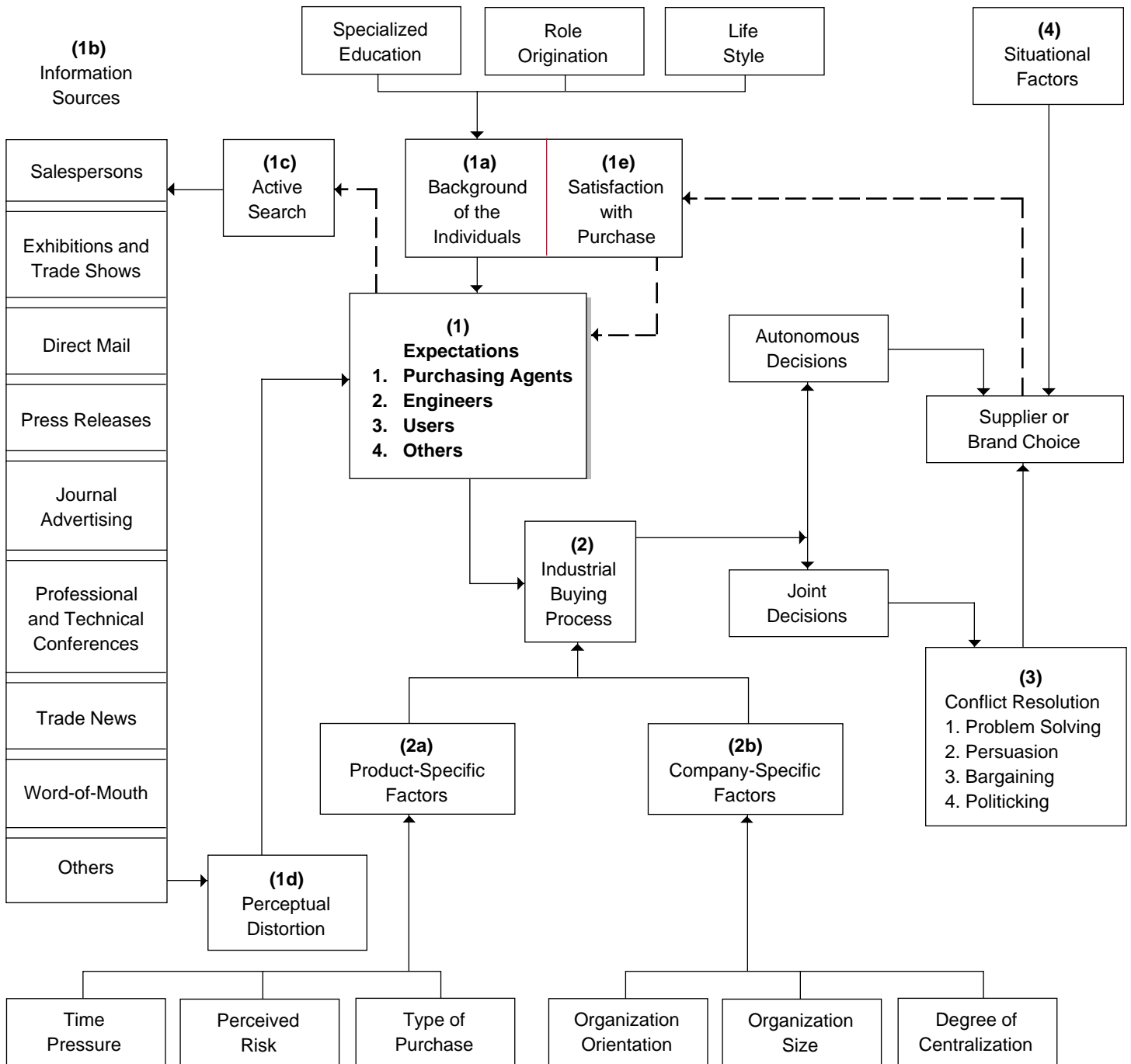


**General Behavior
Segmentation**
—
**Consumer Life-Style
(Psychographics)**





General Behavior Segmentation
Industrial Buying Situation





**Product-Related
Behavioral
Descriptors**

**Product
Usage**
key accounts

Loyalty

**Purchase
Predisposition**
are they aware

**Purchase
Influence**
i.e. children

Customer Needs

**Benefits
Sought**

**Choice
Criteria**



**Market
Attractiveness
Factors**

MARKET —

- Size
- Growth including stage in product life cycle
- Market gaps
- Differentiation possibilities
- Bargaining power of customers
- Cyclical and seasonality
- Distribution

ECONOMIC AND TECHNOLOGICAL —

- Investment intensity
- Industry capacity
- Technology
- Barriers to entry and exit
- Access to supplies

Dd.1

COMPETITIVE —

- Competitive structure
- Competitive groupings
- Substitute products
- Price
- Individual competitor analysis

Ee.1

ENVIRONMENTAL

Dd.1



**Market Attractiveness /
Resource Allocation
Matrix**

Competitive Position

		Strong	Medium	Weak
Market Attractiveness	High	<p>DESIRABLE POTENTIAL TARGET</p> <p>Protect Position</p> <ul style="list-style-type: none"> • Invest to grow at maximum digestible rate • Concentrate on maintaining strength 	<p>DESIRABLE POTENTIAL TARGET</p> <p>Invest to Build</p> <ul style="list-style-type: none"> • Challenge for leadership • Build selectively on strengths • Reinforce vulnerable areas 	<p>Build Selectively</p> <ul style="list-style-type: none"> • Specialize around limited strengths • Seek ways to overcome weaknesses • Withdraw if indications of sustainable growth are lacking
	Medium	<p>DESIRABLE POTENTIAL TARGET</p> <p>Build selectively</p> <ul style="list-style-type: none"> • Emphasize profitability by increasing productively • Build up ability to counter competition 	<p>Manage for Earnings</p> <ul style="list-style-type: none"> • Protect existing strengths • Invest to improve position only in areas where risk is low 	<p>Limited Expansion or Harvest</p> <ul style="list-style-type: none"> • Look for ways to expand without high risk; otherwise, minimize investment and focus operations
	Low	<p>Protect and Refocus</p> <ul style="list-style-type: none"> • Defend strengths • Seek ways to increase current earnings without speeding market's decline 	<p>Manage for Earnings</p> <ul style="list-style-type: none"> • Protect position • Minimize investment 	<p>Divest</p> <ul style="list-style-type: none"> • Seal when possible to maximize cash value • Meantime, cut fixed costs and avoid further investment



**Targeting
Strategies**

**Mass-Market
Strategy**

- *undifferentiated*
- *differentiated*

**Niche-Market
Strategy**

**Growth-Market
Strategy**



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**Physical Product
Positioning**

LI.2

**Perceptual Product
Positioning**

Step (1): Identify relevant set of competitive products

LI.3

Step (2): Identify the set of determinant attributes that define the "product space" in which positions of current offerings are located

LI.4

Step (3): Collect information from a sample of customers about perceptions of each product on the determinant attributes

LI.6

Step (4): Analyze intensity of a product's current position in customers' minds

LI.14

Step (5): Determine product's current location in the product space (*product positioning*)

LI.15

Step (6): Determine customers' most preferred combination of determinant attributes

LI.2

Step (7): Examine the fit between preferences of market segments and current position of product (*market positioning*)

LI.2

Step (8): Select positioning or repositioning strategy

LI.2



Physical Product Positioning

**Product-line
Filling**

Filling an internal gap within the existing line.

**Product-line
Stretching**

Adding new items at either end of the existing product line.

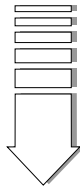
**Product-line
Extensions**

Introducing new products that differ significantly from those in the existing line.



Physical Product Positioning

Step (1): Identify relevant set of competitive products



First by **PRODUCT CATEGORY**

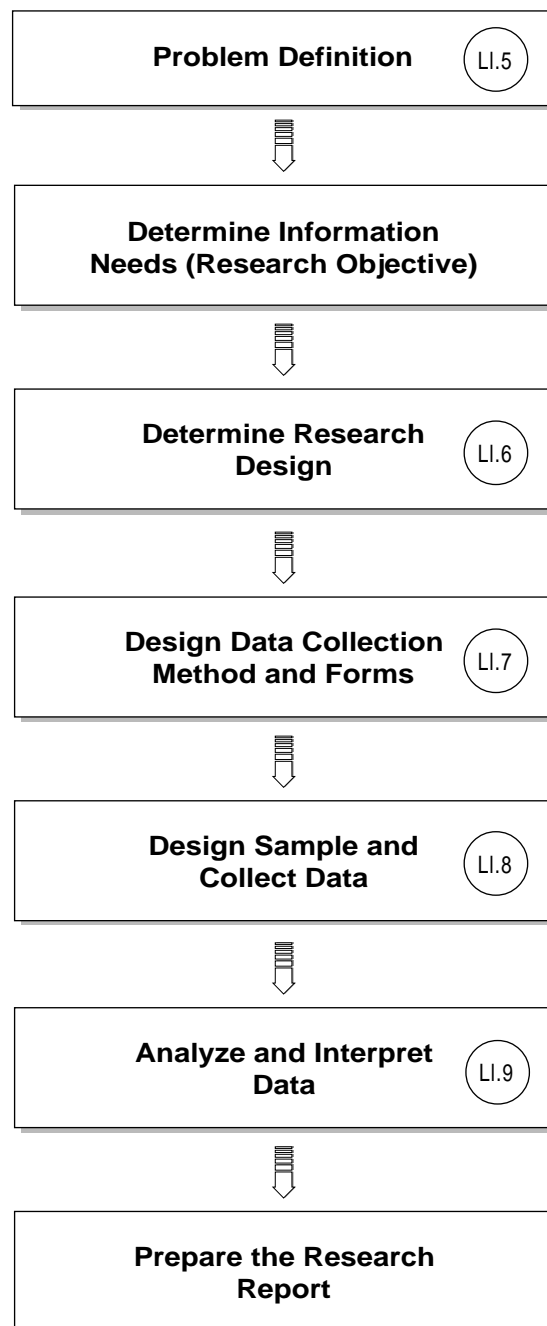
Second by **BRAND LEVEL**

Look for likely substitutes to
Ascertain Strengths / Weaknesses



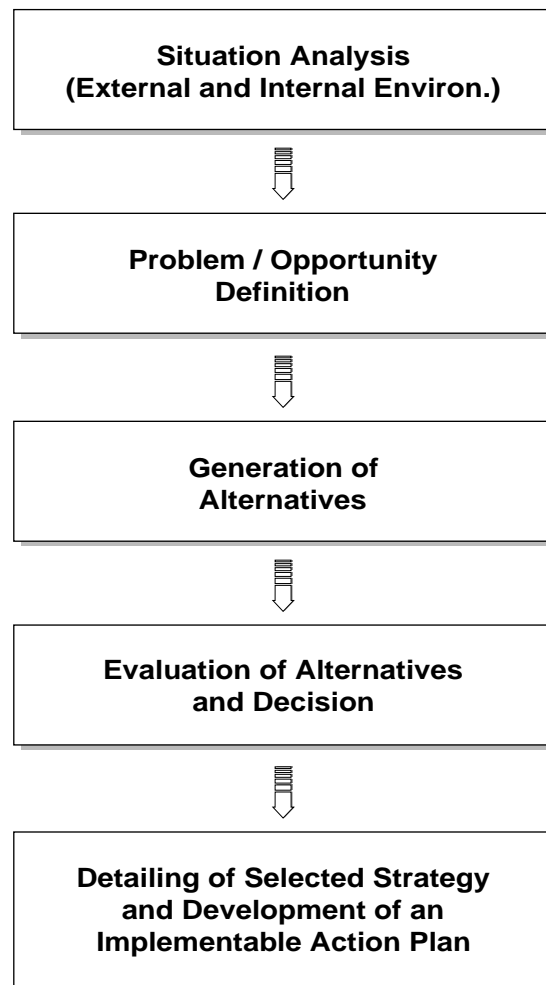
Step (2): Identify the set of determinant attributes that define the "product space" in which positions of current offerings are located

The Marketing Research Process





Process of Problem Definition





Research Design: Measurement Scales Summary

Type of Scale	Property	Quantitative Representation of Construct	Ease on Respondent	Ease on Researcher	Personal	Telephone	Mail
Rank Order	Ordinal	# schools Ranked Higher					
Paired Comparison	Ordinal	#Times A > B					
Semantic Differential	Interval	Mean Value on Scale					
Likert	Interval	Mean Value on Scale					
Category Adjective	Interval	Mean Value on Scale					
Constant Sum	Ratio	# Points Allocated					
Constant Sum Paired Comparison	Ratio	Total Points Allocated					

Questionnaire Samples



Questionnaire Design





Rank Order Measurement

_____	<u>2</u>
_____	<u>4</u>
_____	<u>1</u>
_____	<u>3</u>

Semantic Differential

	Every day Dining	Special Occasion
_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

Category (Likert) Scale

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Category Adjective Scale

	Adj.	Adj.	Adj.	Adj.	Adj.
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Constant Sum Scale

_____	_____
_____	_____
_____	_____
_____	_____

Total = 100

Paired Comparison

<input type="checkbox"/>	_____
_____	<input type="checkbox"/>
_____	<input type="checkbox"/>
<input type="checkbox"/>	_____

Constant Sum Paired Comparison

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____



QUESTIONNAIRE DESIGN

Problem

Information Needed

Research Design

Objectives

Type of Research

Plan of Data Collection

Secondary

Primary

Type of Survey

Questionnaire Design

Divide into Sections

List Questions

Write Questions

Pretest

Cover Letter, Screening, Etc.

Sampling

Plan of Analysis

Budget



Step (3): Collect information from a sample of customers about perceptions of each product on the determinant attributes

Means, Frequencies, and Cross-Tabulations

Why use these methodologies?

- First Step in deriving meaning from your data
- Provides initial insights on positioning and segmentation

Level of Measurement:

- Interval or ratio for means (binary variables will provide proportions)
- No restrictions for frequencies, although defining value levels is needed to restrict the number of categories
- No restrictions for cross-tabs, although defining value levels is needed in order to reduce the "sparse data" problem

Hypotheses to test:

- Is the sample mean different from (or greater/less than) some value
- Are two sample means different from each other
- Is there relationship between two or more variables

Advantages of Means and Frequencies:

- Can give you an initial "feel" for your data
- Calculate means on continuous data (interval or ratio scaled)
- Calculate frequencies on nominal and ordinal data

Advantages of Cross-tabs:

- Easy to communicate
- No assumptions are made about the form of the data
- They can start to help you learn about the product's positioning, market segmentation or point out relationships between two or more variables

Disadvantages:

- High disaggregated data
- Best suited for looking at two variables at a time
- More than two variables will quickly use up the sample size
- The number of potential cross-tabulations can be astronomical



Step (3): Collect information from a sample of customers about perceptions of each product on the determinant attributes

Factor Analysis

Factor analysis is a data reduction technique:

- Goal is to reduce a large number of independent variables to a smaller number of "factors"
- This is a method of *interdependence*

How many factors:

- Eigenvalue > 1 rule
- Percent of total variation explained
- Scree plot
- Interpretation of factors

Name that factor:

- Look for similarities among high loading variables
- Factor rotation aids in interpretation

Why use Factor Analysis?

- Positioning
- Identifying important variables
- Substantive interpretation
- Eliminates collinearity in regression analysis

Level of Measurement

- Interval or ratio scale independent variables

Hypothesis to Test:

- Which factor is most important?

Abuses:

- Can predetermine factor analysis outcome
- Using factor scores in a regression compounds errors
- Naming factors can hide or distort the meaning of data



Step (3): Collect information from a sample of customers about perceptions of each product on the determinant attributes

Discriminant Analysis

Why use this methodology?

- Predict group membership
- Market segmentation

Analysis of dependence

Level of Measurement:

- Dependent variable is nominally scaled
- Independent variables are intervally scaled

Hypotheses to test:

- Which variable is the best predictor of group membership
- Is the overall discriminant function statistically and practically significant

Test of statistical significance:

- Standardized discriminant function coefficients for determining best predictor
- Wilkes lambda, and t-test comparison with benchmarks for overall statistical and practical significance

Characteristics of a "good" market segmentation:

- Measurability
- Substantiability
- Accessibility
- Actionability

Hypothesis to Test:

- Which factor is most important?

Abuses:

- Can predetermine factor analysis outcome
- Using factor scores in a regression compounds errors
- Naming factors can hide or distort the meaning of data



Step (3): Collect information from a sample of customers about perceptions of each product on the determinant attributes

Conjoint Analysis

A 6-step process:

- Identify attributes and attribute levels
- Design product profiles
- Rank order the profiles
- Prepare data
- Obtain conjoint model for each respondent
- Interpret the conjoint models

Benefits of conjoint analysis:

- Rigorous, good data
- Intuitively appealing, can identify important trade-offs
- Can simulate market shares for new products
- Use with cluster analysis to find benefit segments (describe segments using discriminant analysis with segment identification as dependent variable)

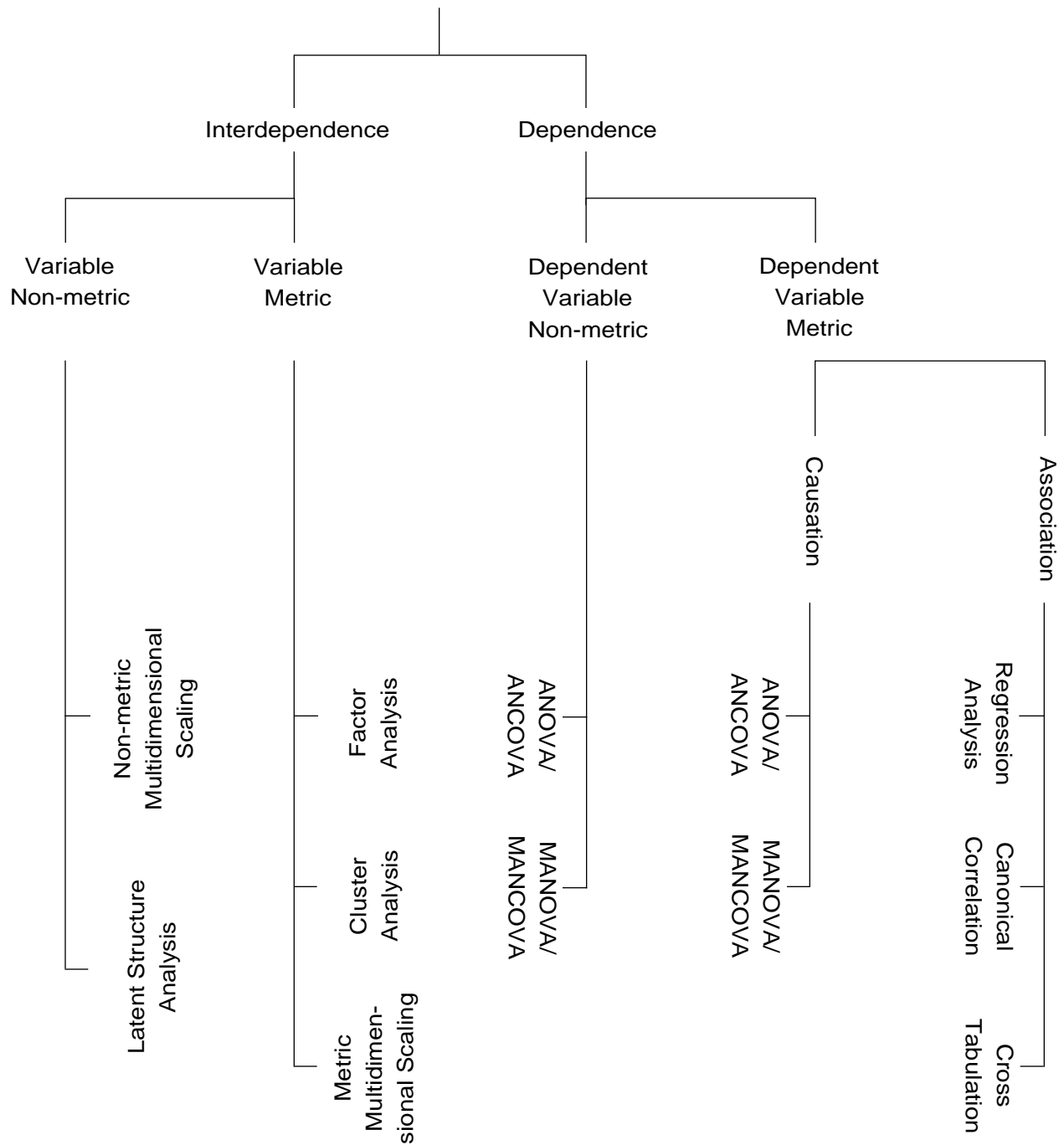
Limitation of conjoint analysis:

- Purchase intent translation is difficult
- Difficult for respondents to provide rankings if there are a large number of attributes/attribute levels (this limits the size of problems which are amenable to conjoint analysis)
- Respondents may sort on one variable, and then provide a "random" assortment on all remaining attributes
- Doesn't take into account competitive retaliation



Step (3): Collect information from a sample of customers about perceptions of each product on the determinant attributes

Summary of Marketing Research Methods





Step (4): Analyzing the Intensity of a Product's Current Position

Unaided Brand Recall

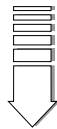
naming the brands under limited and controlled time conditions.

Aided Brand Recall

submitting a list of brands from a given product class

Spontaneity of Brand Recall

first brand name in unaided brand recall has strongest product position



Association between a Brand and Product Class

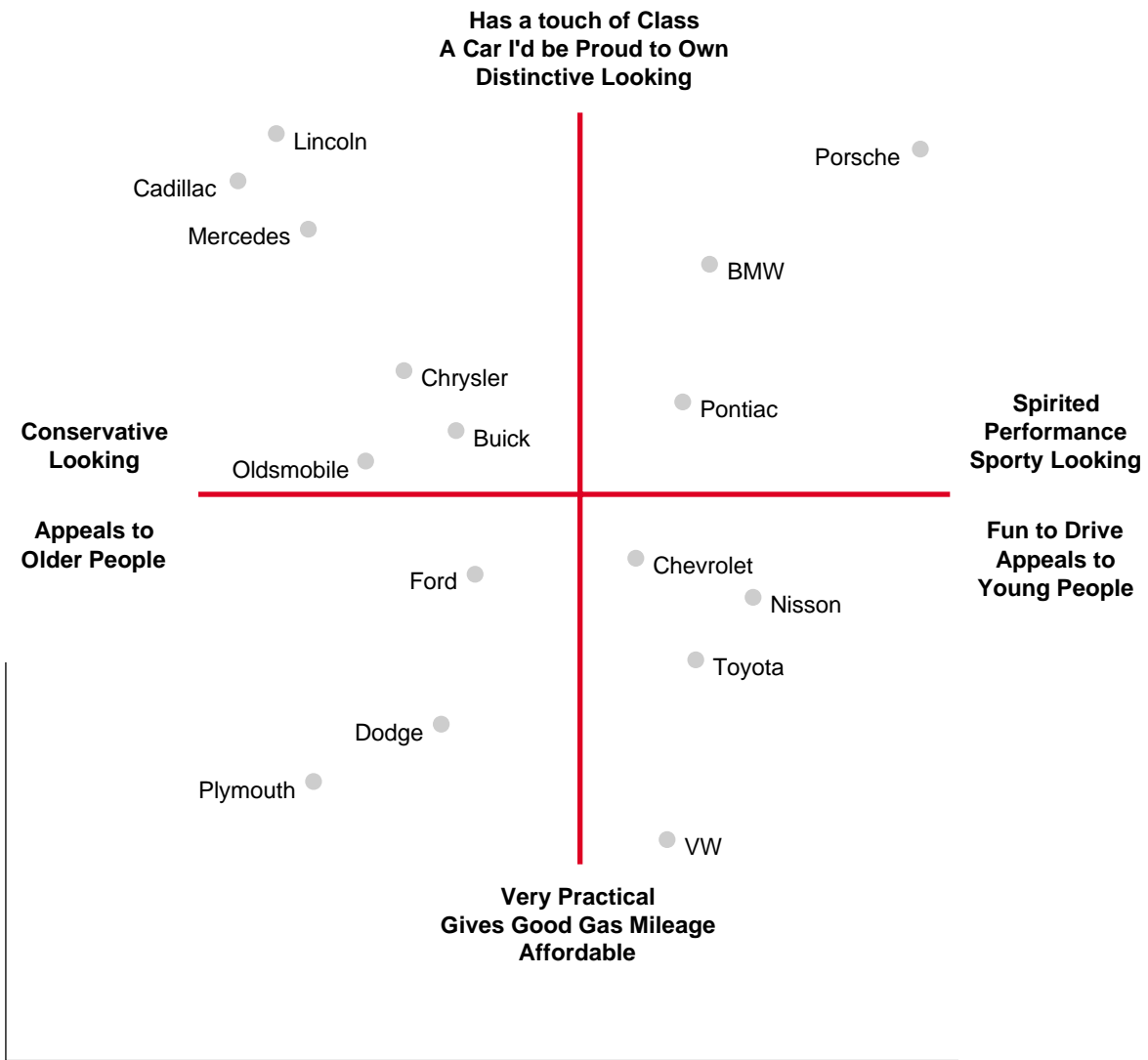
association made by a consumer between a product class, usage situation, or a specific problem, and a given brand

Association between a Brand and Specific Attribute

association with properties that are relevant in a purchasing situation.



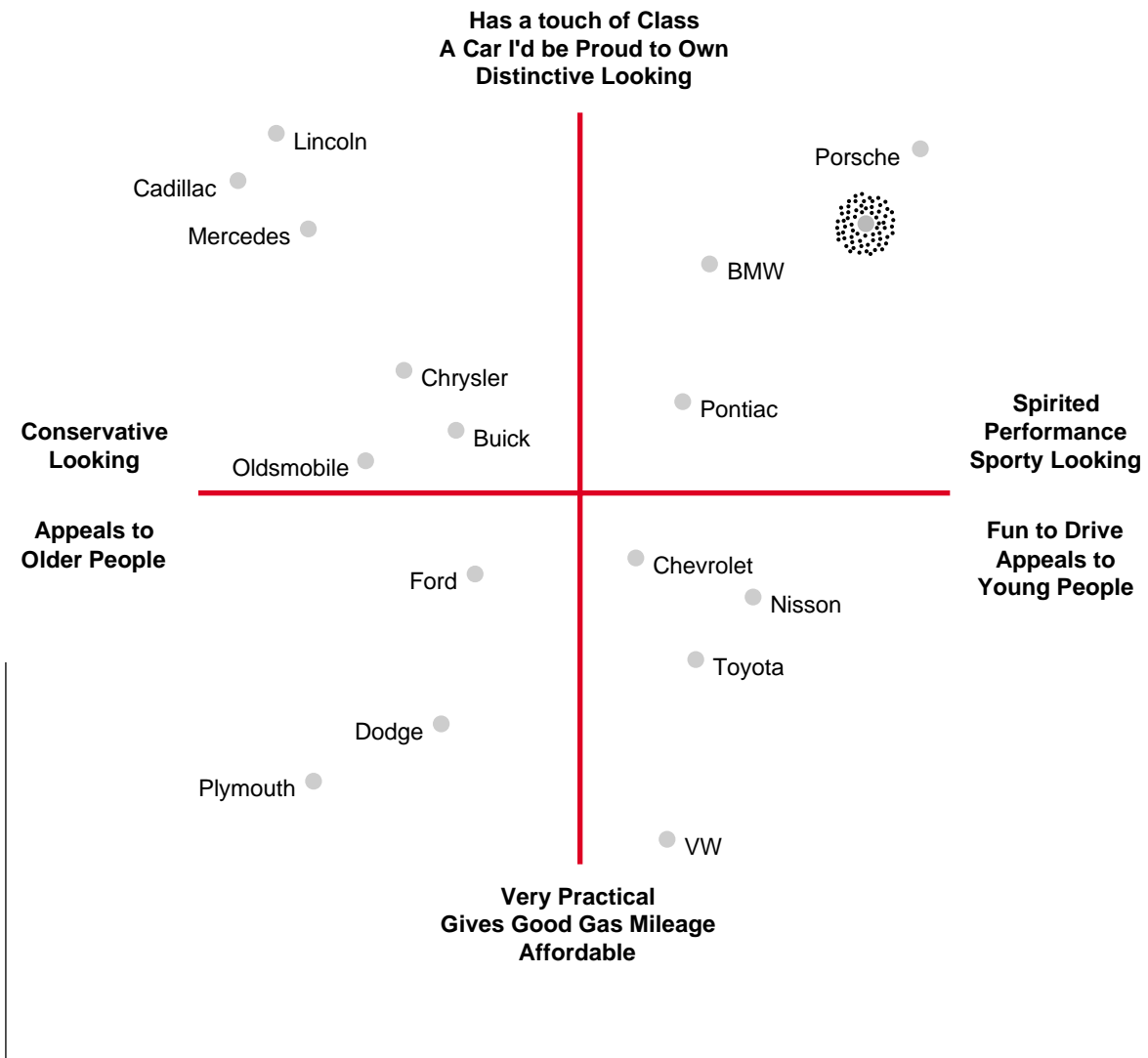
Step (5): Analyzing the Product's Current Relative Position (Product Positioning).



Look for Competitive Gaps



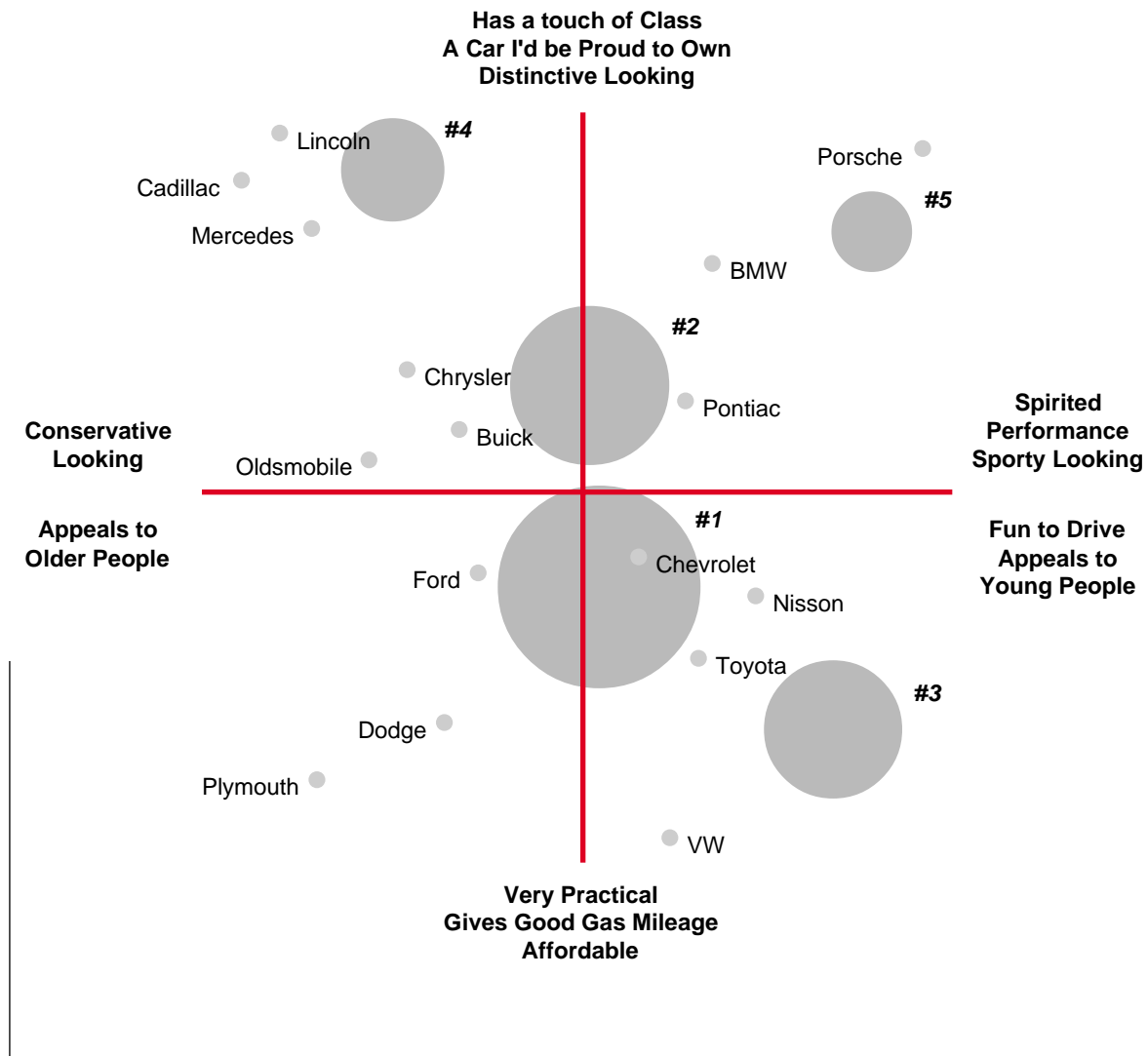
Step (6): Determine Customers' Most Preferred Combination of Determinant Attributes



Look for Clusters of a Segment of Customers Preferred Attributes



Step (7): Examine the fit Between Preferences of Market Segments and Current Position of Product (Market Positioning)



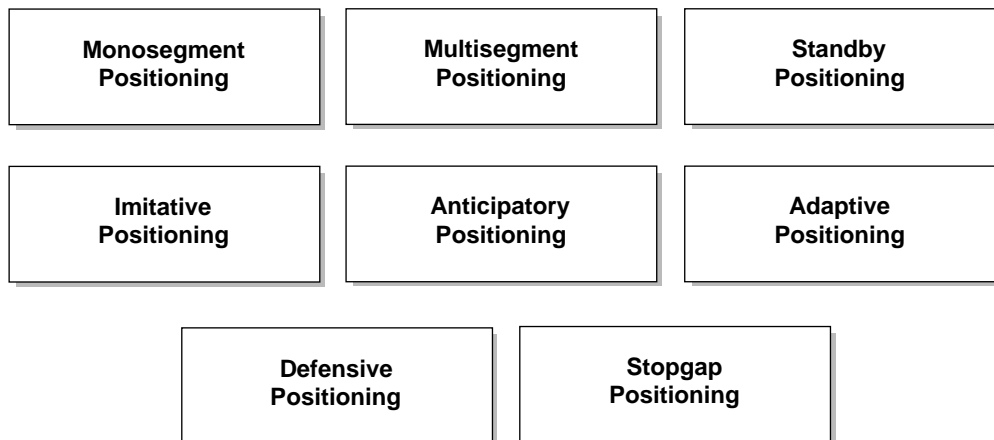
- 1) Clusters in Two or More Locations can be Considered as a Distinct Market Segment.
- 2) The Size of the Circle Reflects the Relative Proportion of Customers within a Particular Segment.
- 3) Mapping Shows the Competitive Strength of Different Brands in Different Segments.
- 4) Mapping Shows the Intensity of the Rivalry between Brands in a given Segment.
- 5) Mapping Shows the Opportunities for Gaining a Differentiated Position within a Target Segment.





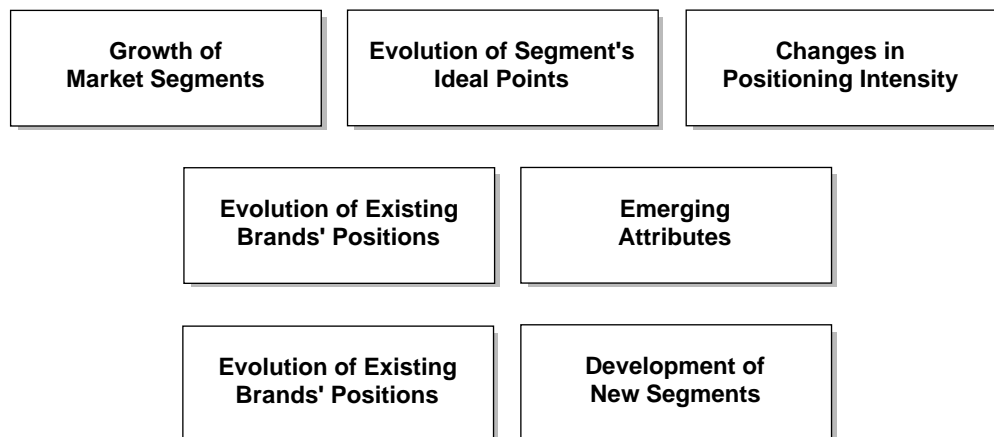
Step (8): Select Positioning or Repositioning Strategy

**Market
Positioning
Strategies**



See Strategy Sections Mn1 - Pp1

**Sales
Potential of
Market
Positioning
Strategies**





References

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