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Does My Brand's Difference Matter?

Positioning for Motivational Impact

By Jeremy Pincus, Ph.D. and Amit Ghosh

A BRIEF HISTORY OF POSITIONING

In earliest advertising, the goal of communicating to the consumer was to convey factual ideas about a product or service to promote its unique features and benefits. The logic of this traditional strategy was well expressed in Rosser Reeves' (1961) famous *unique selling proposition* (e.g., "melts in your mouth, not in your hand").

But this approach only works well when something factual about one's product is truly new and unique. As more and more products entered into the market to make purely factual distinctiveness less and less obtainable, Ries and Trout (1972) developed the concept of "Positioning", arguing that marketing should stake a *unique position in the minds of consumers*. The focus of communication under positioning theory became a psychological one, with an emphasis not just on reality, but on perception of reality.

FLASH FORWARD: Over 80 percent of new product launches in the last five years consisted of "new and improved" brand extensions, and the majority of these failed.

Success in today's marketplace requires positioning skills of Olympian proportion.

THE "RUB" IN PRODUCT POSITIONING

The traditional requirements for effective positioning are brand/product Relevance, Uniqueness and Believability, for which we propose the acronym, RUB.

- The marketer must create *relevance* by leading consumers to recognize that the brand/product is for them, that they possess a need for it, that they want it.

- The marketer must create *uniqueness* to get consumers to recognize that the brand/product is different than what is currently available in the market.
- The marketer creates *believability* to provide the necessary supports to convince consumers that the claimed benefits are real benefits.

The "rub" is that, in most cases, new products can't start out fulfilling all three criteria. It is a fundamental marketing mistake to insist on instant relevance for your new product or brand, or instant believability for unique benefits. It is the job of marketing to teach consumers how and why new products are relevant or important to them, and how unique benefits can be credible.

MODEST IMPROVEMENTS: Innovations that are modest enough to be believable are generally seen as ordinary and non-unique.

The absence of functional uniqueness has driven many product categories toward image-based positioning (e.g., Coke is Classic, Pepsi is a New Generation) to create unique personalities for functionally-similar brands. These brand personalities can be leveraged to create identity-based symbolic relevance (e.g., traditionalists should drink Coke, radicals should drink Pepsi).

REVOLUTIONARY BENEFITS: Innovations that are truly unique often encounter a barrier of believability. Believability is a moving target as product technologies evolve at a rapid pace. And detecting relevance for new-to-the-world benefits can be the biggest challenge of all; consumers usually can't anticipate the relevance of new benefits, especially revolutionary ones. Consider the cell phone, wifi, the automobile airbag, eBay or the Segway as only a few examples.

(cont. on pg. 3)



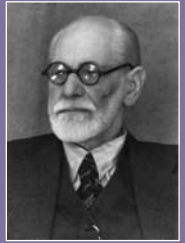


Q

Sig,

It is difficult to market a snack food that, while delicious, is not particularly healthy. I'm fighting significant trends; there simply aren't enough people open to a product of this sort. What's an appropriate product benefit when today's parents won't give their kids this sort of thing?

Getting Noogies Over Nougat



**FORBES PRESENTS CUTTING-EDGE
SEGMENT MIGRATION TECHNIQUES
AT PMRG INSTITUTE**

On October 21st, Dr. Jeremy Pincus and Amit Ghosh presented "A Dynamic Approach to Segmentation" to a packed room at the PMRG Institute conference in Philadelphia. They presented five different methods of predicting patterns of segment-to-segment migration over time in response to three types of changes: changing societal norms (e.g., preference for natural remedies), within-person development/maturation (e.g., disease stages, lifestages) and changing market conditions (e.g., product launches, formulary status, economic factors).

**9TH ANNUAL INTERCOMPANY
LTCI CONFERENCE**

Grand Sierra Resort, Reno, NV
March 29-April 1, 2009

**"The Pension Protection Act: Impact
on Product and Marketing"**

The Pension Protection Act of 2006 makes dramatic changes to the benefits provisions of the Internal Revenue Code and ERISA. Now that annuity distributions and life insurance cash values can be used tax-free to pay LTCi premiums, will this lead to a new generation of product development? Dr. Jeremy Pincus will present his perspective on key consumer segments for marketing these products and the distribution channels for selling them.

**DR. JEREMY PINCUS NAMED TO
2009 POWER LIST BY SENIOR
MARKET ADVISOR MAGAZINE**

Senior Market Advisor's editorial board has named Dr. Jeremy Pincus to the magazine's annual "Power List" for his influence on the long-term care insurance market. As one of only 5 individuals given this honor, the list acknowledges Pincus' role in improving marketing and promoting planning behavior: His segmentation of the consumer market and related messaging strategies are used by seven of the top insurance companies in the market.

A

Dear Getting Noogies Over Nougat,

Ah, reader. Your letter reminds me of my grandmother's marzipan, which she pressed into large pans to let cool on the window sills of her farmhouse in Pribor. The aroma was so wonderful it made the Yellowhamers sing! One can only hope that your product is a lovely marzipan?

But your question is also important! Consider for a moment my neighbor at #17 Bergasse, Otto, who is somewhat portly. He enjoys ale and a good Kaisersemmel roll, and even if he gets them at Franziskanerplatz Kleine Café around the corner, he prefers to take a carriage than to walk. Otto is not what one would call spry.

Still, I have seen Otto leap with the grace of a footballer at the drop of a hat, and that hat is usually Freda's. Freda is another neighbor of mine. She is slim and pretty – in as much as one can tell from her athletic cloak, which covers all of her but parts of her face – and eats only small helpings of cream of wheat.

That is, until the recent Festival of Mahler, when Otto managed to seat himself next to Freda, and amongst other dining friends and neighbors, I watched him attempt to move the pair's friendship to its next phase. Here, focused on his companion and wanting to present a character of restraint, Otto was interested only in a light salad. Meanwhile, Freda cut into an exceptional steak and drained glasses of red wine with abandon, either in hearty celebration of Mahler or as a simple distraction from Otto. It is difficult to say.

Friendly confectioner, my lesson is that consumer behavior may involve personal traits, but it is also a circumstance of moment-to-moment states. Traits may be relatively steady but states are ever-changing with life's conditions. By considering the wide range of relationships between states and traits, your marketing options become significant.

Simply put, you may think people are not the "marzipan type," but when they hear the beautiful sound of the Yellowhamers, they will knock on your farmhouse door.

Regards,

Sig



USING 5-, 7- OR 9-POINT SCALES

Can Providing More Choice Tell Us Less?

BACKGROUND: In theory, more scale points should permit detection of increasingly subtle differences. After all, shouldn't a nine-point scale invite finer distinctions than a five-point scale? We wondered whether scales with different numbers of points would produce results that differ in terms of statistical variance, neutral response and completion time.

RESEARCH METHOD: Respondents from a nationally representative online panel of household shoppers answered questions about sports drinks. Respondents rated brands on 28 attributes and were randomly assigned to use otherwise identical scales of 5 (n=416), 7 (n=417) or 9 points (n=417).

	FIVE-POINT SCALE (n=416)	SEVEN-POINT SCALE (n=417)	NINE-POINT SCALE (n=417)
Average use of mid-point (28 attributes)	39%	30%	27%
Inter-item distribution differences (from randomly-selected reference item) p < .001	19/27	22/27	16/27
Average completion time	13 min.	13 min.	14 min.

FINDINGS: Intriguingly, use of the mid-point decreased as the number of scale points increased (see figure). A series of paired-sample T-tests compared a randomly selected reference item to each of the other items as a test of inter-item discrimination. This process was conducted separately for the five-, seven- and nine-point scales. Seven-point scales demonstrated better inter-item discrimination than both five- and nine-point scales, with 22 significant inter-item differences. The average time to complete the questionnaire was about the same for five- and seven-point scales, but one minute longer for respondents using nine-point scales.

CONCLUSION AND RECOMMENDATION: Using scales with more than five points appears to elicit fewer neutral attitude positions. Further, seven-point scales do not increase the time it takes respondents to complete a questionnaire over five-point scales, while nine-point scales do. Additionally, seven-point scales appear to provide superior inter-item variance to both five- and nine-point scales. Thus, while methodology choices always involve many considerations, we generally recommend using seven-point scales to maximize variance and efficiency.

DOES MY BRAND'S DIFFERENCE MATTER?

(cont. from pg. 1)

LIMITATIONS OF TRADITIONAL METHODS

The typical quick positioning analysis is woefully inadequate to these challenges: Consumers are presented with a positioning statement followed by summary questions with which they are asked to agree or disagree (Relevance: *This brand/product is for people like me*, Uniqueness: *This brand/product is unique or different than other brands/products*, Believability: *I believe it is possible for this brand/product to deliver these benefits*). Such analyses evaluate and recommend positioning strategies based on the overly optimistic presumption that consumers are able to simultaneously assess multiple dimensions of similarity and difference between brands, to foresee future relevance, and to make inferences regarding the strength of support points they may need to work to understand.

GOING DEEPER

More useful positioning insights are attainable by going beyond superficial stated summary measures toward derived measures of relevance, uniqueness and believability.

- If a brand's positioning is relevant, the elements of that positioning should drive purchase. For Toyota Scion's positioning (*What moves you*) to be relevant, it must elicit associations that actually drive purchase behavior for the target segment of young car buyers (e.g., *innovative, cool, reliable, good value*); only if the positioning successfully pulls these levers can it be considered relevant.
- To determine if a positioning is truly unique one can use multidimensional techniques to simultaneously consider the degree of similarity/difference between positionings and brands, isolating the qualities that statistically "pop" for each brand and positioning. This approach supports opportunity mapping, which provides a visual summary of positioning candidates vis-à-vis unoccupied "white space" (unclaimed positioning territory).
- The essence of believability lies in the strength of the links between the most unique aspects of a positioning and those (relevant) benefits that drive

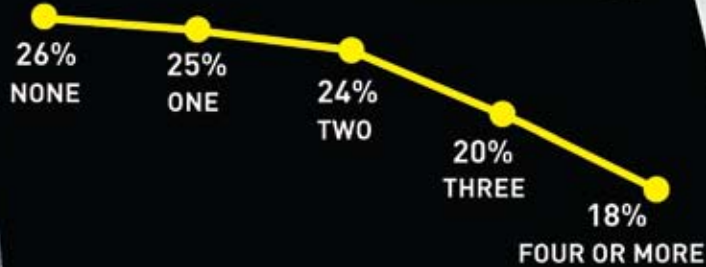
purchase. Conducting associative network analysis identifies key "chains of logic" that link unique benefits with relevant benefits and their key support points. Returning to the Toyota Scion example, *individually customizable* [functional benefit] links to *breathhtaking design* [experiential benefit] which links to *lets others know I'm both smart and cool* [emotional end-benefit]). These linkages provide important guidance for messaging.

CONCLUSION

Whether you are launching the next iPod or a more modest brand extension, your positioning research should reflect the complexity of the real marketplace. By going deeper than superficial summary measures, positioning decisions can be based on real evidence that is prescriptive and provides the specific language and logical connections that are needed for communicating your brand's best positioning.

BANK TRUST?

HIGH CONFIDENCE IN BANKS & FINANCIAL INSTITUTIONS



Number of traumatic events (e.g., deaths, divorces, unemployment, hospitalizations) during past five years.

Source: ICPSR, General Social Survey, 2006

Banks have lost the public trust because of current financial crises, but somewhat surprisingly, even when personal crises aren't financial, confidence in banks suffers. When bad things happen to people, they may begin to question aspects of their life that depend on stability. For banks, efforts to rebuild trust must consider consumers' need for general stability in their lives.



24 Hartwell Avenue • Third Floor

Lexington, MA 02421

781.863.5000 • forbesconsulting.com

FEEDBACK: forbes360@forbesconsulting.com

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