

Positioning Research Process

Knowledge of competitive positions and the categories in which competitors perform is important in establishing a desirable and defensible position. A hypothetical competitive positioning analysis follows. It begins with identifying attributes that are consumer motivators within product/service categories. A first-phase research project may need to be launched to determine those attributes and their relative importance. The second phase research determines how competitors are perceived against each attribute. Attributes are paired and competitor scores plotted to assess relative strengths and to identify unoccupied positions. Decisions on how to best position a new product/service comes from this activity.

Hypothetical Case Study:

opening a new restaurant in La Buena, CO

Everything about this example is fictitious. It is a simplified case offered to demonstrate concepts, process and analysis. La Buena, a small town located near a military base, presently has 13 operating restaurants, not including fast-food establishments. A new restaurant is being considered by a young couple experienced in the hospitality industry. Their initial concept is an up-scale, American-style restaurant with bar. The entrepreneurs wished to establish their enterprise in a new category. In other words, they wanted to occupy a unique position in the minds of prospective customers not being filled by an existing establishment.

1: Identifying positioning attributes.

For restaurants, the following seven attributes were considered important in differentiating restaurant types: Cuisine type. Price range. Food quality. Service level. Decor. Hospitality. Serving size. Except for cuisine type, these attributes can be rated on a one-to-ten scale. This example assumes all attributes to be of equal importance.

2: Performing the research.

Telephone researchers ask respondents (residents living in up-scale neighborhoods and military officers on base) to recall the last three restaurants they visited and to rank the attributes of each. Only seven restaurants were mentioned frequently enough to be charted.

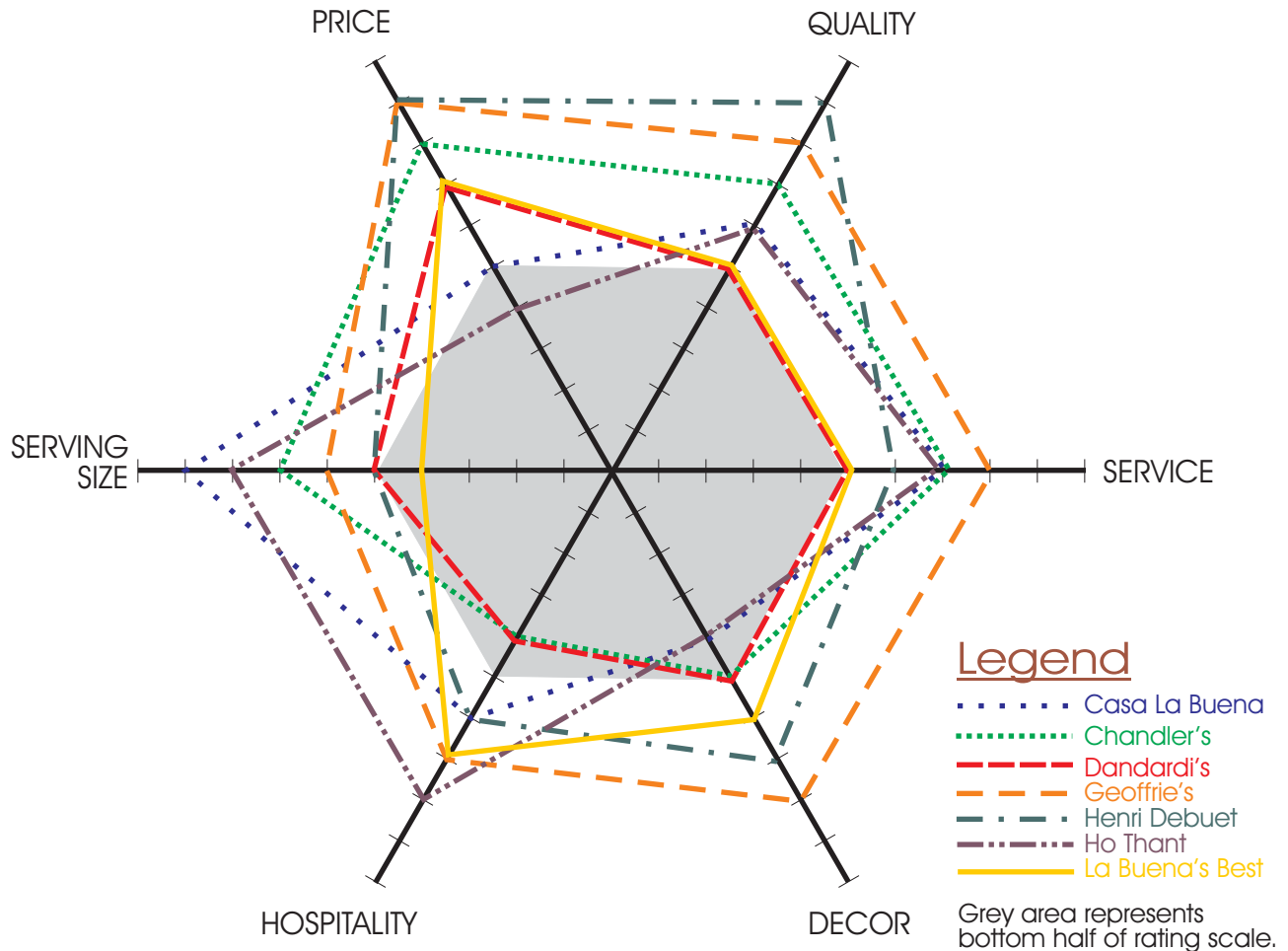
The charted restaurants and their attributes are:

NAME	CUISINE TYPE	PRICE	QUALITY	SERVICE	DECOR	HOSPITALITY	SERVING SIZE
Casa La Buena	Mexican	5	6	7	4	6	9
Chandler's Steak House	American	8	7	7	5	4	7
Dandardi's	Italian	7	5	5	5	4	5
Geoffrie's	American	9	8	8	8	7	6
Henri Debuat	French	9	9	6	7	6	5
Ho Thant	Chinese	4	6	7	4	8	8
La Buena's Best	American	7	5	5	6	7	4

On the following pages are visual depictions used to analyze the data to find desirable, unoccupied positions and/or establish a new category.

3: Analysis of data

The first analysis arranges comparative data along rating scales, consolidated to reveal commonality and singularity of ratings for each attribute. Each restaurant is represented by a different color and line configuration. Data for each is depicted as a six-sided figure with points determined by rating position. The center position represents "1" on the scale, the furthest point from the center is "10". The grey area represents "5" and below on the scale.



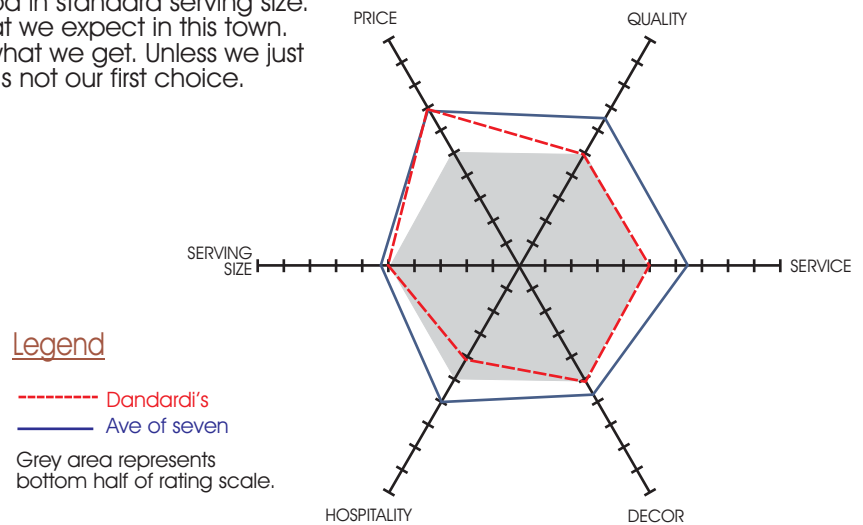
This consolidated plot is a bit intimidating and confusing on first look, but it does provide an overall picture of the competitors. It basically shows no particular attributes have been ignored by at least one establishment. It also indicates that restaurant goers are generally satisfied with the restaurants in the market (Few establishments rate less than a five on more than one attribute).

It is helpful to look at each individual restaurant's plots to determine their unique positions in the collective mind of the market they serve. Also, by looking only at those restaurants best classified as "upscale American", some insights might be gained. Examples follow.

4: Sample of an individual restaurant analysis

Data for Dandardi's Italian Restaurant (the red dotted plot) can be compared to both the average of all seven restaurants (the solid blue plot) and with the range mid-point (5 and less on the scale represented by the grey area). In addition, the Dandardi plots allow us to describe how customers perceive this restaurant.

Dandardi's serves average quality food in standard serving size. Service and hospitality are below what we expect in this town. Decor is mundane. A little pricey for what we get. Unless we just must have Italian cuisine, Dandardi's is not our first choice.

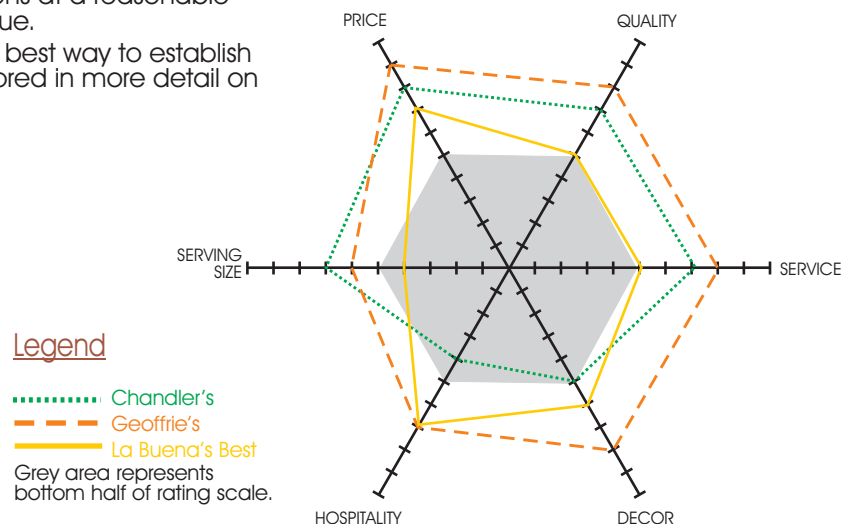


Positioning plot for Dandardi's Restaurant

5: Analysis of upscale American restaurants

The three American-style restaurants have many attributes in common. Every attribute is "occupied" by at least one establishment at a rating of 7 or higher. There is a slight shift toward mediocre performance when looking at serving size and hospitality. It appears no one has yet established a reputation for friendliness and large portions at a reasonable price. Perhaps this position could be unique.

Clearly, a combination of attributes is the best way to establish an unoccupied position. This idea is explored in more detail on the next page.



Positioning plot for three upscale American restaurants

6: Discovering unoccupied positions and/or new categories

Pairing attributes may reveal promising combinations that identify unoccupied positions. The examples below demonstrate three such situations. The plots on previous pages helped determine which pairs might bare fruitful investigation. Each axis represents an attribute. The American restaurants are represented by red X's, foreign cuisine by blue O's. A potential position for a new entry is represented by a red circle enclosing an X. The grey circle around the red circle represents the magnitude of the differentiation from the new business in relation to its nearest American competitor (Its radius is half the distance to the nearest American competitor).

The Price/Quality combination is crowded, particularly for a small unsophisticated market. Note there are two American and a French restaurant already competing in the upper right quadrant. Another in that category would have a tough time competing and trying to differentiate itself from competitors. Note the small gray circle that represents the ability to differentiate. Better to look for a more promising position, or a new category.

Price/Hospitality combination suggests an opportunity to capture a position of providing low-priced food in a highly friendly environment. It may be a position enjoyed by those who want more than a fast-food environment for family dining. To capture this position, a gregarious and gracious staff is vital. Probably birthdays are celebrated by singing wait-persons. There may be promotions tied to being part of the "family"...repeat business could be encouraged with a frequent meal card. An appropriate name might be "Friends and Family".

The Quality/Serving Size combination could be exploited with a "We're proud of our tasty food - that's why we serve you so much". Appealing to both families and military personnel, this position might actually become a new category if structured differently. It might be a buffet type cafeteria, or it could be a "boarding house", style establishment where food is brought to tables in serving bowls and platters and everyone helps themselves to whatever's on today's menu. A name that comes easily to mind: "Good & Plenty".

Hospitality/Service Size combine in a way that allows the two examples above to be merged. It could connote a friendly, down-home style of food and atmosphere. Again, there's a family appeal if prices are not too high.

Conclusion: Though more possibilities and combinations can be explored, it is evident that our entrepreneur's original idea of an upscale American restaurant is not well advised given the competitive picture. Yet there is opportunity for a restaurant with a different position.

