

Positioning Mapping of Red Wines

Eli Cohen* and Oded Lowengart**

* Department of Hotel and Tourism Management, School of Management
Ben Gurion University of the Negev
PO Box 653, Beer Sheva 84105, Israel.
Email: elico@bgu.ac.il

** Department of Business Administration, School of Management
Ben Gurion University of the Negev
PO Box 653, Beer Sheva 84105, Israel.
Email: odedl@bgu.ac.il

Working Paper

Positioning Mapping of Red Wines

Abstract

Positioning is the way a firm designs and presents its image to potential customers such that the target audiences understand what the firm offers relative to other firms in the same marketplace. Constructing a map that reflects the positioning of a commercial entity allows managers to be able to find "open" spaces in the competitive environment and can enhance the ability of managers to improve their business and attract and retain customers.

We implemented factor analyses to wine characteristics scores derived by blind tasting of four generic wines to construct the positioning map based on the factor scores. The next step was identifying an ideal vector that represents the relative effect of the two factors on the desired positioning of an ideal wine.

This was done by regressing the factor scores against the preferences of consumers for the four different wines. We conducted these analyses for both the aggregate and disaggregate levels. Segmentation show different positioning map for male and female.

Our results indicate that there is heterogeneity in consumers' perceptions with respect to four different red wines. There is, however, homogeneity in consumers' ideal combination of the wine characteristics as reflected by the position of the ideal vector in the various maps. Several marketing implications regarding the different positioning of the different wine among different consumers segments are discussed.

Introduction

Product positioning is a well-established concept in marketing literature (Kotler, 2000). Loosely defined, positioning is the way a firm designs and presents its image to potential customers such that the target audiences understand what the firm offers relative to other firms in the same marketplace. Positioning is in the mind of the customer, something that is brought about by a combination of reality and image: "Competitive positioning is the totality of offer and image of the company relative to competing companies" (Kotler, 2000). For positioning to be effective, a retailer has to offer tangible and important and communicable benefits to the target customers (Hooley, 1995).

Constructing a map that reflects the positioning of a commercial entity allows managers to achieve two main objectives in defining their marketing strategies. The first objective is gaining more insight into the competitive positioning of their firm compared to that of other rival firms. In addition, by studying this map, managers may be able to find "open" spaces in the competitive environment, allowing them, for example, to reposition themselves as more attractive than the competition. Thus, providing mapping tools for retailer positioning can enhance the ability of managers to improve their business and attract and retain customers.

Wind and Mahajan (2002) examining internet companies, for example, indicate that most of them had a flawed understanding of their customers. They also failed to apply traditional marketing tools to assess the challenges they were facing. This failure is too often observed in various industries including the wine industry. It is the purpose of this study to

propose a method for studying this aspect of wine marketers. Thus, the current study concentrates on how consumers perceive *alternative* wines. We propose and demonstrate an analytical tool that can assist in conveying consumer perceptual profiling of red wines. More specifically, we use the techniques of positioning maps to reveal similarities and differences between red wines in a blind taste test. Blind test is important to eliminate the influence of the label. We then show the ideal combinations of important perceptual factors in the context of the red wines.

Methodology

Our analysis considers four different red wines. The wines selected were as follows: wine 1 of an unknown producer with a private label, wine 2 is a generic wine produced by the largest wine producer in Israel (a well known brand), wine 3 is produced by a boutique winery and wine 4 is a well known wine produced by a well known large winery. These wines were selected since they are generic varieties and are typically purchased by less experienced consumers as were in our sample.

Our methodology included analyses at different levels. First we determine at the aggregate level, how different the four wines are from one another and which factor contribute to this difference. Second, we conduct data analysis at the disaggregate or segment level. While aggregate analysis can give insights into the differences between the wines it assumes that all consumers are homogeneous with respect to their perceptions of any given wine. Different segments in consumers, however, may have different values that can affect their perception of the different wines.

Different consumers might have different wants from the wine they choose to drink. These differences, therefore, could have a meaningful separation factor in this wine market. Therefore we capture this general concept by generating segments based on the type of consumers. Namely, we created two different segmentation schemes. The first is based on gender differences and the second is based on consumers' involvement level. This separation of consumers into different segments enables us to capture the heterogeneity exist in different consumers needs in a red wine.

Both disaggregate level and aggregate level analyses used Factor analysis to examine differences in perceptions between different countries through positioning mapping. Preference regression analyses to identify ideal vectors that captures consumers preferences were also performed on both levels.

Research Approach and Data

The first stage of our research was of an exploratory nature to identify characteristics that are relevant for consumers when they evaluate red wine before they purchase it. In order to obtain this information, we utilized a combination of secondary data search in the literature that was augmented by a focus-group type procedure. The idea was to gain a better understanding of which characteristics are actively considered by wine consumers when considering purchasing a bottle of wine. Table 1 presents the final set of wine characteristics that were identified after conducting focus group interviews.

Table 1: Wine attributes used for the analysis

Item number	Wine Attribute
1	Color Intensity
2	Transparency
3	Aroma
4	Taste
5	Harmony
6	Aftertaste

The second stage of the research involved a descriptive phase that was based on a survey. We use a questionnaire to get consumers' perceptions of the four wines based on the set of the identified characteristics (i.e., Table 1) on a scale of 1 to 10 where 1 represents the lowest level of the relevant characteristics and 10 represents the highest level. For instance, a respondent would be asked: "On the scale below where 1 represents "Very Low" and 10 represents "Very High" how would you rate the intensity of the color of wine 1?" Descriptions for the scales used for the other attributes are also given in Table 1. The questionnaire was pre-tested in order to ensure that the task difficulty and respondents interest and attention are obtained, the meaning of the questions is understood, and variation in responses exist.

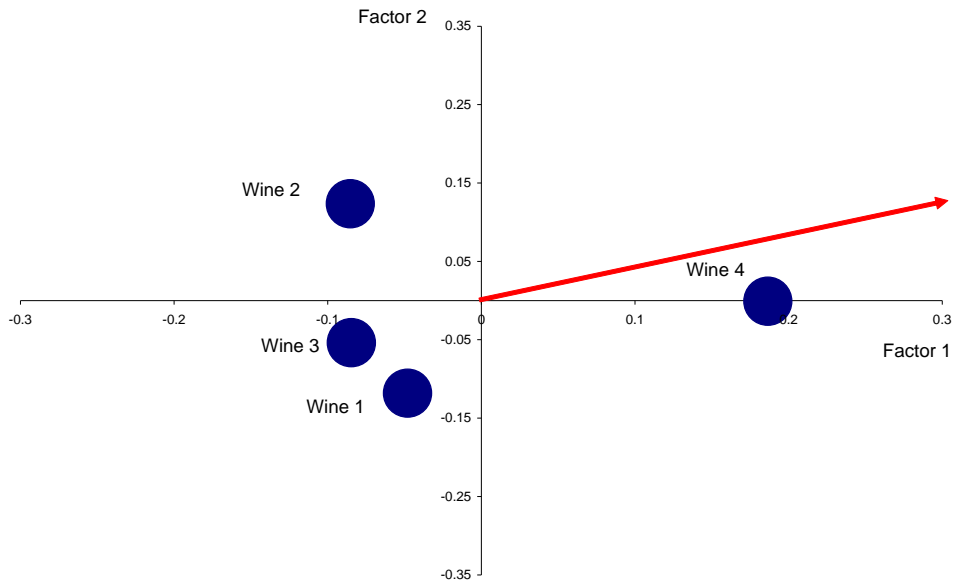
Empirical Analysis

The first step of the descriptive research analysis was factor extracting. A factor analysis was conducted to extract these factors. In the second step we constructed the positioning maps based on the factors' scores for the first two factors. In the third step we identify an ideal vector that represents the relative effect of the two factors on the desired positioning of an ideal wine (Urban and Hauser, 1993). This was done by regressing the factor scores against the preferences of consumers for the four different wines. We conducted these analyses for both the aggregate and disaggregate levels.

Two factors having an eigenvalue greater than 1 and explaining 66.5% of the variance, were retained. Based on the factor analysis results and the items loadings on the different factors, we interpret the first factor as representing the taste aspects of wine and the second factor as representing the "aroma" aspects of the wine

Next, we used the factor scores to construct the positioning map resulted from analyzing consumers perceptions of the four different wines. Figure 1 presents consumers' perceptions of the four wines based on the aggregate response of the whole sample.

Figure 1: Aggregate Level Map



As can be seen from Figure 1, there is a distinct positioning for each wine with wine 4 being positioned high the taste aspects and relatively average on the "aroma" aspects of the wine. Wine 1, on the other hand is positioned low on both dimensions. When extracting the ideal vector, the following significant linear regression results were obtained:
 $\hat{y} = 5.576 + 1.55F1 + 0.656F2$ with $R^2=60.3\%$. Using $F1$ and $F2$ coefficients enable us to draw the ideal vector and superimpose it on the two dimensional space of the two factors (see Figure 1). Adding this vector into this map, as can be seen in Figure 1, provides more insight as to the preference of the consumers for an ideal combination of the two factors. Thus, the closer the position of a certain wine to this vector, the closer this wine to what consumers view as an ideal position. Looking at Figure 1, it can be seen that Wine 4 is the closest wine to this line.

Moving to the disaggregate level analysis, we first segmented between males and females. This is a meaningful segmentation variable since it captures the perceptual heterogeneity exist among consumers. Thus, we separated the sample into two groups. We then, conducted the same type of analysis that was applied at the aggregate level. The results of this analysis presented in Figures 2 and 3.

Figure 2: Female Segment

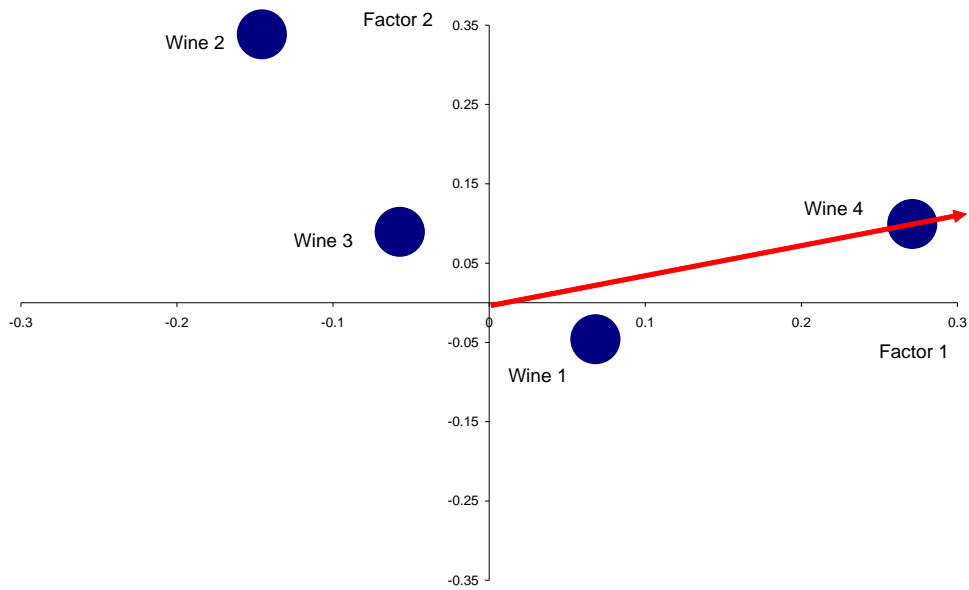
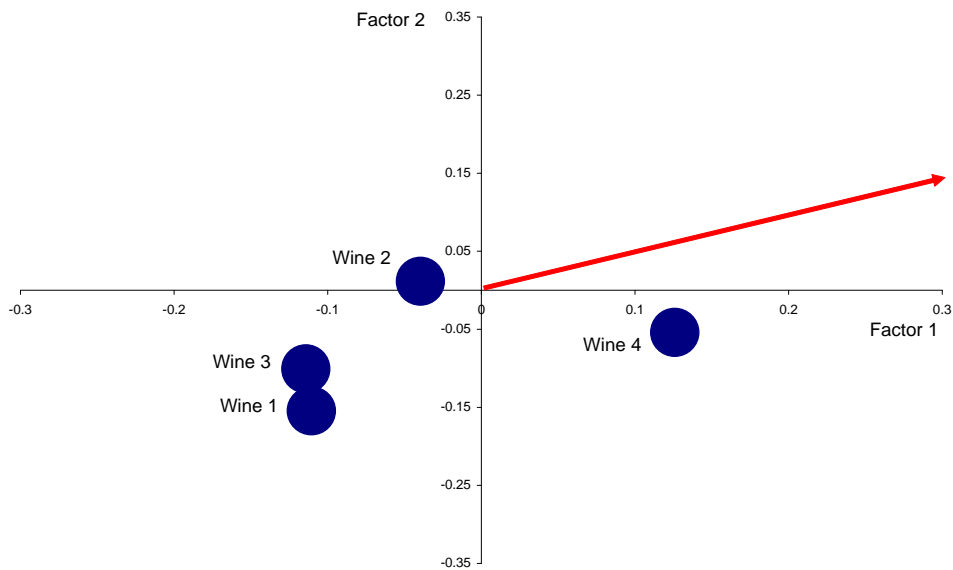


Figure 3: Male Segment



As can be seen from Figures 2 and 3, there is a distinct difference in the positioning of the four wines between the two segments. There is, however, similarity in the ideal vector of the two segments. This is somewhat surprising as it indicates that consumers are rather homogeneous in their preference for a certain relationship between the taste and aroma of an ideal wine. There is, however, differences in their perceptions of the four different wines in a blind taste experiment.

Summary and Implications

Understanding the perceptions of wine consumers of different wines is of great importance for marketers. Thus an analysis that consider the competitive position of the various wines in light of consumers perceptions can provide useful information that can be used in formulating a marketing strategy to attract consumers. Our analysis of mapping the positioning of four different red wines and the superimposed ideal vector provide such information.

For example, the homogeneity in consumers wine preference imply that marketers should mainly focus on changing consumers' perception for their wines. The differences in segment level analysis might indicate that there are some sensory differences between the two examined segments. Marketers can, therefore, make an attempt to influence consumers perceptions by relating some of the taste items to non-tangible aspects of a brand (i.e., reputation and country/region of origin).

Since there is relatively limited literature available in this area, this research is aimed as expanding the boundaries of this topic. As such, it is somewhat exploratory in nature and no hypotheses were developed. Therefore, a natural extension of this research would be extending the results to other wines and consumer segments with emphasis on the dimensions of the factor extraction and the position of the ideal vector.

References

- Hooley, G. J. (1995), Positioning. In M. J. Baker (ed.) *Companion Encyclopedia of Marketing*, Routledge: London, pp. 420-429.
- Kotler, Philip (2000), "*Marketing Management*," 10th Ed., Prentice Hall: NJ.
- Urban, G and J. R. Hauser (1993), *Design and Marketing of New Products*, 2nd Ed, Prentice-Hall, Englewood Cliffs, NJ.
- Wind Y. and V. Mahajan (2002), "Convergence Marketing," *Journal of Interactive Marketing*, Vol. 16, No. 2, 64-79.