Advanced Marketing

Brand positioning and consumer choice

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Agenda

- Brand positioning and its role within the consideration set *(theory)*

- Brand/product image improvement: Grappa *case study*

- Exercise *(practice)*
Objectives

**Consumer behavior**: understanding its rules → predictions

- Process of paramount importance for marketing practitioners, scholars and brand managers
- The role of the brand within this process

**Key concepts**: consideration set, brand image, brand personality, (brand/product) status improvement

**Message**: decision process is costly → heuristics and shortcuts are used by the consumer

- A good marketer should know how to manipulate them
- The symbolic and transcendental appeal of the brand
These phases are influenced by cultural, social, individual factors.
Brief Reminder (2)

- **Need recognition**: imbalance between the present status and a preferred one
  - Internal or external stimuli (unit of input affecting one or more of the senses)
- **Information search**: internal (recall) or external
- **Evaluation of alternatives** → **Purchase decision**
- **Postpurchase evaluation**: performance → satisfaction or cognitive dissonance between expectations and performance, dissatisfaction
Our focus
The set of alternatives

Evoked Set

Evoked set: the group of products resulting from an information search, from which a buyer can choose the product/service.

Evaluation (rational) process:
- Use of cutoff criteria
- Analysis of products attributes
- Rank of attributes by importance
Brand

- A brand can be defined as a specific name, term, symbol or design – or, more usually a some combination of these – that is used to distinguish a particular sellers’ product.

- A brand is a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design and media commentary.

- A living entity?
CONTINUOUS QUALITY
IS QUALITY YOU TRUST

Ask for it either way... both trade-marks mean the same thing.

Coca-Cola
"Coke"

5¢

5¢

COPYRIGHT 1947, THE COCA-COLA COMPANY
The enduring ‘soul’ of the brand. The single idea that fuses the key emotional and functional roles of the brand.

- **Essence**
  - The image of the brand, expressed in human characteristics

- **Personality**
  - What the users of the brand care about most

- **Values of users**
  - Emotional benefits expected from using the brand

- **Emotional rewards**
  - Rational expectations as a result of using the brand

- **Functional benefits**
  - Rational product features

- **Attributes**
The consideration set

- Consumer suffers from choice fatigue
- Time poor, exposed to the phenomenon of over-choice.

→ To reduce cognitive effort and complexity, consumers:
  - group products together;
  - downside the set of brands they consider, in real purchase situation.

This set is known as «evoked set» or «consideration set»
The pool of brands from which the choice is made.

Those brands the consumer has some knowledge of.

The non-consideration set.
The Process Phases

- Screening phase 1: elimination of «flawed» options via heuristics
- More accurate selections $\rightarrow$ non-consideration set
- The consideration set is made up of:
  - «those brands that are acceptable to purchase»
  - «brands the subject would consider for a specified consumption situation»
  - «goal satisfying alternatives salient or accessible on a particular purchase occasion»
  - «the subset of brands that are scrutinized carefully»
The consideration set

It is the pool of brands from which the choice is made

- It is the starting point of the brand evaluation phase
- Role: facilitating the decision making process

May it represent a valid conceptual tool for marketers?

A brand manager should aim to:

1) gain access into the consideration set
2) maintain membership over time
3) be preferred among the alternatives within the c.s.
1) Consideration set formation

Choice process can be:

A) stimulus based – brand recognition
   Visually striking product, eye-level positioned, time pressure

B) memory based – brand recall
   Brands differ in brand latency: “time taken to recall a particular brand and the mental costs associated”
   Because of set size constraints and deadline heuristics → low brand latency is important

C) mixed choice – combination of brand recognition and recall
   Some brands exist in the external environment, some others are retrieved from memory (experience or advertising).
Consideration set
2) Brand evaluation

- Brands are grouped if the **product attributes are similar**

Brands within the same consideration set are fairly homogeneous in terms of attributes; they occupy a similar perceptual space.

- Is it feasible an application of **standard economic theory**?
  1. It is difficult to assign different utilities to similar products
  2. Imperfect knowledge
  3. Limited time
  4. Weak motivation in information search
  5. Need for hedonic and emotional satisfaction

... important elements in the evaluation (**rationality** fades)
Brand image and personality

- Brands are grouped if the product attributes are similar

But marketers want to make their brands to be preferred.

- It is brand image that will influence the choice. Def: the perception of the brand in the mind of the consumer, the associations (images, values…) that the brand raises (via experiences and communication).

- It creates biases → it will distort attributes.

Crucial role: Brand image or personality (mental representation evoked by the brand):

✓ Previous experience
✓ Marketing stimuli
✓ Social stimuli (reference group; high-visibility products)

- The consumer may develop emotional attachment to the brand.

✓ Emotional bond → brand loyalty
Brand image and personality

- Since they are similar in concrete attributes → mental associations, emotions, feelings become of paramount importance.

- By semiotics, brand choice means «who I would like to be»
  1) self-congruity
  2) association with the image they desire to have
  3) self-expression: self-identity

- Personalities (the consumers’ and the brand’s ones) begin to merge → identity; structure of the self.
- Consumers buy things not only for what they do but also for what they mean.
  ✓ The perception of reality is – in choosing the brand – more important than reality itself.
  ✓ Not only a message to the external world.
  ✓ Using brand image and personality → the brand leaps out from the consideration set and it is preferred.
Exercise: Set Dimension

- The dimension of the consideration set varies across the categories

- How many brands constitute the sets of the following categories of products?

- Autos →
- Beer →
- Coffee →
- Deodorant →
- Toothpaste →
- Soft drink →
Exercise: Set Dimension

- The dimension of the consideration set varies across the categories (Hauser and Wernerfelt, 1990)

- How many brands constitute the sets of the following categories of products?

- Autos $\rightarrow$ 8 (USA); 2 (Norway)
- Beer $\rightarrow$ 2.6; 3 (USA); 7 (Canada)
- Coffee $\rightarrow$ 3.3; 4.2
- Deodorant $\rightarrow$ 3
- Toothpaste $\rightarrow$ 3.1
- Soft drink $\rightarrow$ 5

Difficult to operationalize, country-specific construct?
Brand Positioning

• To be preferred → a brand should have an effective positioning

✓ Current research in market stresses the concepts of brand personality and brand image

• «Brand positioning is about establishing a core promise within the marketplace and relevant to a target (...) on both a rational and emotional level» (Keller, 2007)

• Positioning strategy: «the choice of target market segments, which determine where the business competes, and the choice of differential advantage, which dictates how it competes» (Doyle 2006)

• It concerns all the P’s of the marketing mix
Positioning a brand

• Within the consideration set, the choice follows two kinds of reasoning:

1) overt reasoning: rational $\rightarrow$ functional attributes
   [consumption related problems]

2) covert reasoning: emotional $\rightarrow$ symbolic values
   [internally generated needs]
Brand Positioning

- Ries and Trout (1980): «positioning is not what you do to a product. Positioning is what you do to the mind of the prospect»
- Attention: consistency between functional and emotional positioning.
- Some scholars (Park et al., 1986) a brand’s position should be either symbolic or functional.
  ✓ Risk: multiple positions → more competitors, lack of consistency, difficult identifications.

But some other scholars (Bhat and Reddy, 1998) disagree.

E.g.: Toyota, Nike, Gucci, Apple
The Evolution of Brand Positions

Classic Brands

Postmodern Brands

Satisfy Multiple Goals

Resolve Goal Conflict

Satisfy Neglected Goals
Brand personality

- Strengths and effectiveness of a brand is linked to its «personality».
- The set of unique brand associations related to human characteristics
- «Personality consists of a unique combination of functional attributes and symbolic values with which the target audience identifies» (Hankinson and Cowking, 1995)
- Since the 1950s, research has been applying the conceptualization of personality to brands (Big 5 traits, openness, conscientiousness, extraversion, agreeableness, neuroticism).
A living entity

- Consumers imbue brands with personality traits

✓ «That brand is assertive...»

- [https://www.youtube.com/watch?v=OYecfV3ubP8](https://www.youtube.com/watch?v=OYecfV3ubP8)
Brand personality

- Brand personality received many criticisms:

  1) little variation among the brands of the same category
  2) not replicable across cultures
  3) loose definition of the construct (sometimes it involves users’ characteristics)
Brand Proposition:
• positioning
• personality

Functional Attributes
Rational, overt reasoning

Symbolic Values
Emotional, covert reasoning

Resolve consumption-related problems
Fulfil internally-generated needs

Brand Selection
Delivery

De Chernatony (1992), Hankinson & Cowking (1995)
Radical Status Change: Grappa case study (Delmestri and Greenwood, 2016)

- An entire market category, beyond brands, interested in vertical extension and reclassification.

*Alcoholic beverage, produced distilling grape-based pomace (it contains 35 to 60 percent alcohol by volume)*

- 1970s: radical break.
- From low-status product → symbol of cultured Italian lifestyle
- Which are the mechanisms having led to the leap?
The transformation

• **Starting Image:** consumed at the **margin of society** by peasants and alpine soldiers.
  ✓ Famous journalist Martenaghi (1960s): the main handicap? its **name**.
  ✓ Giannola Nonino launched an upgraded version → **failed** before succeeding.
  ✓ Association: artisanal/clandestine production.
  ✓ Artisanal family: primitive (diff. From Slow Food Movement).

• **Lowest level** of the spirits class.

• **Consumers, suppliers, distributors, social practices** reinforced this perception.

- Process occurred in the 1970s and 1980s → preferred to **cognac and whisky**
- From embarrassing product to Italian lifestyle (premium grappa)
Research Question

- How did Nonino manage to transform the «image» of the brand?
- How did the grappa enter into the «consideration set» together with noble spirits?
  - No innovation in the process technology was involved.
  - The change concerns the status, the image, the personality.
Turning Cinderella into a Queen

**Horizontal dimension:** reduction of the complexity via increasing abstraction

**Vertical dimension:** wider socio-cultural associations and practices.
It influences the value Norms: you do not toast with a beer at a wedding party
It is hierarchical

**Status order** is difficult to change
Priviledge lasts for centuries (Oxbridge)
An attempt: mass production

- First step: acquiring legitimacy.
- Mass and controlled production. They removed all health concerns → acceptable drink
- Production doubled between 1967-1975
- The price did not change
- Advertising was aligned to this status
Even a lady could learn to like Soft Whiskey. It's not hard.

Many women don't find whiskey very likeable. In fact, they find it hard to take. So you usually find them with gin or vodka, or one of those lady drinks. But we've changed all that. We've given whiskey more appeal.

A lady can even drink Soft Whiskey straight. Without batting an eyelash. Soft Whiskey swallows nice and easy, treating her ever so tenderly. But don't get the wrong idea. Soft Whiskey is no softie. It's 86 proof. And does exactly what any 86 proof does. It just does it softer. So lady, be discreet.

Now, about the softening process. All we can tell you is, some of Calvert Extra is distilled in small batches instead of huge ones. Forgive our being so closemouthed. But we fell flat on our faces in year after year of experiments before we found the formula. After all that, we're not going to make it easy for anyone to steal our women.
"If they're out of Imported O.F.C., I'm going on the wagon."

People with pull just won't touch anything but Imported O. F. C. It's the Oldest, Finest Canadian—a lighter, more with-it whisky. 12 year old O. F. C. costs little more than Canadians half its age. And O. F. C. 8 year old is priced with Canadians years younger. When you're out, ask for Imported O. F. C.—it's the only Canadian with three initials.
Alternative movement

- Politicians, producers, journalists criticized mass production: «Betrayal of local tradition»
- The traditionalists kept following artisanal methods
- Beliefs and values of the subalpine regions

- Slow Food Movement
  ✓ Values of localisms and anti-corporativism
  ✓ In 1968 First National Conference on Grappa
Another failure

Failed!

• Even if endorsed, the movement did not have success
• Known only within a small circle of producers and aficionados
• The price did not change

Modin aged its grappa for 15 years but could not sell the product at a premium price → Modin went bankrupt in the 1970s
The Leap

“When my friends invited me to dinner . . . I always took a bottle of our best grappa as a gift. It never happened that after dinner my friends would open the bottle. Instead, they offered us vodka, or whisky. I knew that they would also offer my grappa—but to the plumber, or the baker!” Giannola Nonino

• Small distillery
• Used pomace supplied provided by famous winegrowers + new bottles
• Clear target: the snobbish wife dining at three-star restaurants
1960s
Nonino’s grappa was sold in Venitian-designed and hand-blown bottles at a price which was 25 time higher than other offerings.
*In 1974 the first attempt failed.*
(Audacious) trials and errors

- **New flacons**, small, well-designed, forced careful consumption... it was not enough.
- **Endorsement**: Veronelli, wine and food journalist → distillation party
- **Association with wine**. The taste was similar to that one of the prestigious wine (*single-grape grappa*)
- Unfortunately, using the dialect name (*sgnapa*) was not a good intuition.
- They intensified the efforts.
- No advertising was used → **personal presentation** of the product.
- No traditional distributors: directly presented in restaurants + wine agents
- **Personal network**: 25 cl flacons personally given to Italian socio-cultural elite (Montanelli, Agnelli, Scalfari, Mastroianni)
- **1977**: Nonino literary prize was instituted, to support criticisms against mass consumerism and to celebrate farming culture
- Distance from associations → **purism**
Success

- At the end of the 1970s: social recognition
- By the end of the 1980s: the subcategory of premium grappa emerged
- Success: market share grew, the number of grappa consumers almost doubled (even if the spirit market contracted)
- Comparison was possible: whisky (career oriented people), cognac (meditation by the fire), grappa (love for tradition, connection with rural society; Odello)
- Association with education, sophistication and elegance
Critical steps

Dep variable: change in meaning, value and status of the grappa (Nonino)

Which are the strategies adopted?

- Category detachment
  - Visual Dimension. Aesthetich arrangements → «diversion» a perfume flacon used for grappa tasting ritual
  - Disproportionate high price (attraction, puzzlement, education... rejection)
  - Linkages with low-status organizations were rejected
  - Giannola became the first promoter and sponsor (a «persona»)
Critical steps

- **Category emulation**
  - Mimicking of French wine visual appearance and practices (*one variety of grape*)
  - Using a different market infrastructure (*sommeliers* in elite restaurants)

- **Sublimation of the category**
  - I.e. becoming connected with broad legitimating narratives
  - Link to traditional and artisanal processes (ownership of the firm)
  - Wider socio-cultural practices, status confirmation through ceremonies and prizes (received and assigned).
  - Use of soft-power strategies
  - No direct advertising
  - A long run perspective