



## LANDSCAPE SEGMENTATION AS A MODELING TECHNIQUE

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Through the years, market researchers have used a wide array of multivariate and multidimensional modeling techniques to:

- ◆ Help identify and understand consumer motivations when making a purchase
- ◆ Position brands relative to each other and identify the differentiating characteristics
- ◆ Gauge the size and profile of different consumer segments or clusters

Landscape Segmentation, developed by The Institute for Perception, Richmond, VA, is a unique technique in that it overlays consumers (or respondents) on the map. This overlay provides an understanding of where consumers are concentrated, thereby enabling clients to understand the market structure and better identify optimal brand positions in the “market space.”

Another key differentiating benefit of Landscape Segmentation relates to the way the technique positions brands (or products) in the “market space.”

- ◆ Where some other techniques use aggregate data and/or attribute ratings to position brands relative to each other, Landscape Segmentation uses individual respondent ratings and an overall measure (such as purchase interest or overall rating) when positioning brands in the market space, thereby providing an understanding of the market structure and the competitive environment.
- ◆ Even though attribute ratings are not used to position the brands in the market space, they play an important role in explaining a brand’s position relative to competitors.

The advantage of this approach is that brand positions are based on the overall impression of the brand rather than specific characteristics which may or may not influence an individual’s perceptions of the product.

Another important benefit is the flexibility of the process and the “war games” that can be played out. For instance, companies can place “new products” in the market space and then profile the characteristics of the product based on where the product is placed in the market space. This benefit will be illustrated on page 3.

In order to fully understand the technique, it’s important to understand the processes the approach employs. Landscape Segmentation employs a similarity model to position consumers and products relative to one another. Using individual (rather than aggregated) respondent data, the similarity model creates a distance matrix when positioning items on the map.

While the technique places both individual respondents and stimuli (products, benefits, etc.) on the map simultaneously, we will “unfold” the space in a stepwise manner in this article.

As mentioned earlier, Landscape Segmentation identifies where consumers are concentrated on the map by positioning individual respondents in the “market space.” Figure 1 on the next page is a scatter plot portraying where individual respondents (as represented by individual dots) are positioned in the market space. The contour map that is output from the model uses lighter colors to show where consumers are grouped and darker colors where there are fewer consumers. The program has the flexibility to portray different segments by using different colors for different segments.

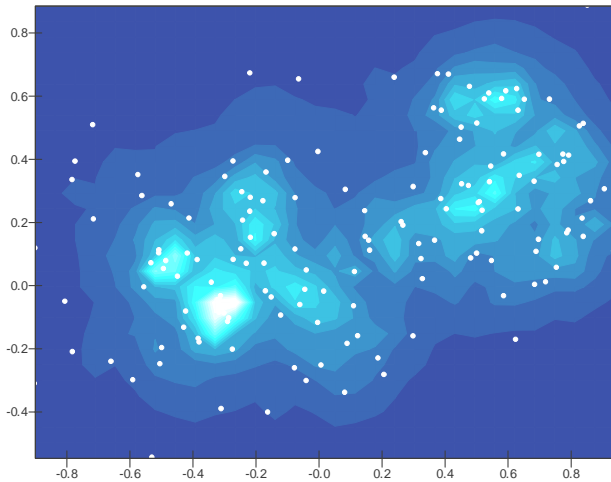


Figure 1: Scatter plot portraying where individual respondents are positioned in the landscape.

Landscape Segmentation can be used to understand the market structure and competitive environment by identifying where competitive brands would be positioned on the market landscape. In Figure 2, top right, 2 current client and 3 prototypes are being portrayed relative to 5 competitor products.

- ◆ Even though it appeals to a fair number of consumers, Client Product A is in a weak position as it is clustered with 3 competitive products.
- ◆ Client Product B is also in a weak position, as it appeals to relatively few consumers.
- ◆ Prototype C is in an excellent position as it appeals to a large group of consumers without any nearby competitors.
- ◆ Prototype A is also in a fairly good position as it is more appealing than its closest competitors (E and C) among a fairly sizable group of consumers.
- ◆ Prototype B is in a weak position and should not be added to the company's portfolio.

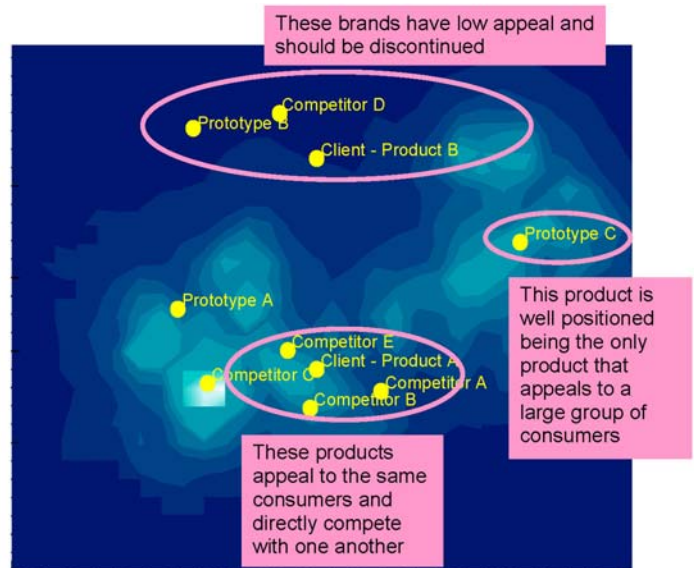


Figure 2: Position of client products prototypes relative to competition and consumers.

Unlike other multivariate techniques that use brand attributes and features to help position competitive products, Landscape Segmentation uses the overall rating to position the brands in the landscape. The attributes are then used to help explain each brand's position in the competitive space. In Figure 3, a vector for one of the attributes is portrayed. Each vector is drawn in the direction that best explains the brand rankings on that individual attribute. While it's not portrayed, the program "draws perpendiculars" to each vector to ascertain its rank for each attribute.

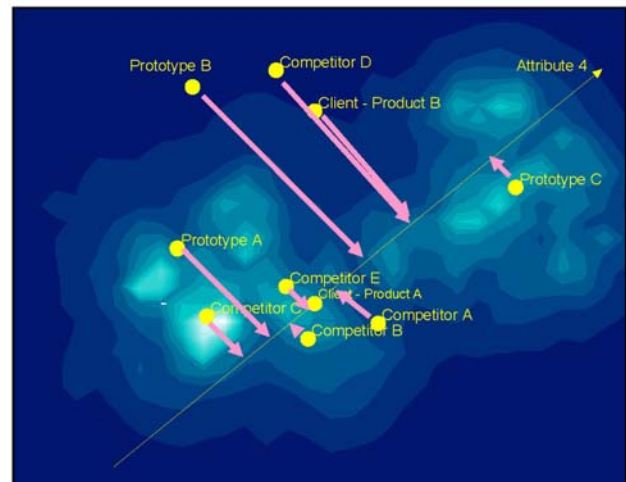


Figure 3: Perpendiculars can be drawn from the product to each vector to show product's position on the attribute.

The following table shows how well Attribute 4 is represented by its vector. The correlation value of score rank and map rank = 0.98 shows that the direction of the vector for Attribute 4 does an excellent job of representing that attribute.

Product	Strength of Attribute Score	Ranking of Score	Ranking on Map
Prototype C	5.7	1	1
Client - Product B	5.2	2	2
Competitor D	5.2	2	2
Competitor A	5.1	4	5
Prototype B	5.0	5	4
Client - Product A	4.6	6	6
Competitor E	4.5	7	6
Competitor B	4.4	8	8
Prototype A	4.1	9	9
Competitor C	4.0	10	10

Figure 4, below, overlays the attribute vectors on the brands. Prototype C's unique position in the market space reflects its relatively strong position on Attributes 3 and 4 and to a lesser extent Attributes 1 and 2.

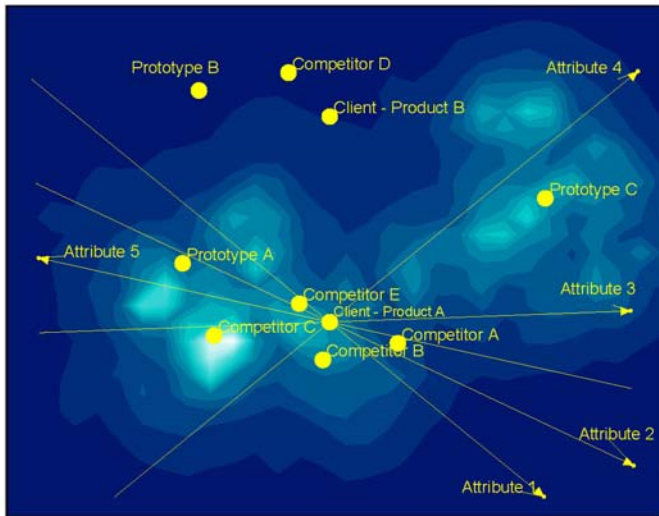


Figure 4: Overlay attribute vectors on brand location.

As mentioned earlier, an additional benefit of the technique is that it can provide a profile of a new product based on the desired positioning of where you want the product to be on the landscape. In Figure 5, top right, we have assumed that we want to have a product that flanks Competitor C. The profile of that product across key attributes is summarized in the table below Figure 5.

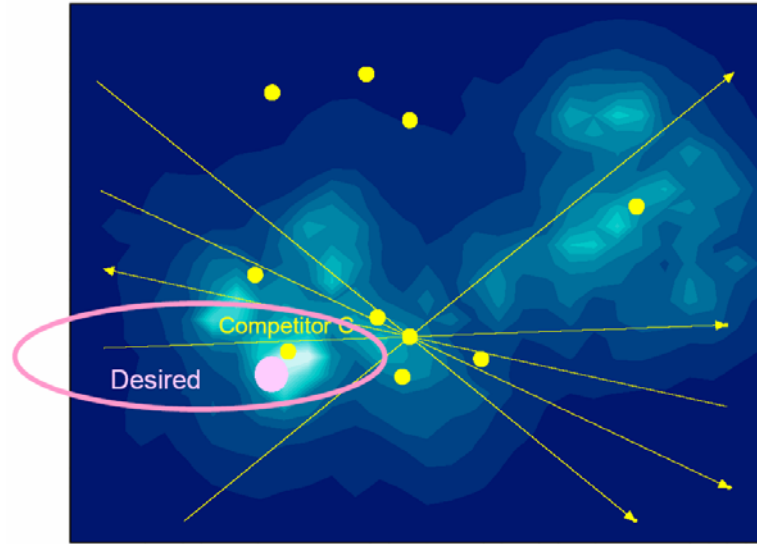


Figure 5: Placing new products in desired location.

	Strength of Attribute Score
Attribute 1	5.11
Attribute 2	4.97
Attribute 3	4.49
Attribute 4	3.31
Attribute 5	3.96
Attribute 6	4.51
Attribute 7	3.26
Attribute 8	4.80
Attribute 9	4.21
Attribute 10	4.82

The Landscape Segmentation technique can be applied to a wide variety of marketing and product development issues, such as:

- ◆ Market Structure studies to understand the competitive environment in which the brand is competing
- ◆ Product/concept screening studies to assess the appeal of new products or ideas
- ◆ Portfolio optimization to determine optimal positioning for a company's brand or group of brands
- ◆ New product introduction/repositioning
- ◆ Selecting the optimal set of benefits to promote

RTi partners with The Institute for Perception, the company that developed the technique. For more information about Landscape Segmentation and The Institute for Perception, go to [www.ifpress.com](http://www.ifpress.com).