

FEEDBACK ON 2ND EXAM

GENERAL FEEDBACK

As I indicated in class, one of my general observations is that many of you are not answering some or all of the study guide questions in writing and in detail. If you do this, it will force you to read and study the notes in more detail and probably get an earlier start answering the study guide questions. You need to make sure to answer all the study guide questions in detail for the third exam and give yourself enough time to learn your answers. I provided you with a general time line for answering study guide questions for the third exam in class.

QUESTION-BY-QUESTION FEEDBACK

This feedback is provided on each and every question that I asked, so many of the questions are ones that were not on your specific exam. I suggest reading this with your exam in front of you and searching through the questions until you find those that were on your exam. Then, compare your answer to the feedback I provide.

My feedback is not that detailed in many instances. The reason is that the detail is provided in the notes and also was provided in class. If you want more detail, you should reread the relevant part of the notes.

Question 1 FEEDBACK

One of the limitations of perceptual mapping is that it makes a simplifying assumption about **importance weights**. Describe this simplifying assumption. (1 point) Explain when and why a perceptual map will **overestimate** the true degree of customer satisfaction when this assumption about importance weights is incorrect, **starting** with a description of the nature of the **inconsistency** that needs to exist for there to be an **overestimation**. Use your own perceptual map with one brand and one ideal point segment to help explain your reasoning. (5 points)

Use **two** WAD calculations, with two sets of importance weights to demonstrate this **overestimation** that will occur when this assumption is incorrect. (One set of importance weights would be those that the map would assume exist and the second set would be weights to use when the assumption about importance weights is **significantly wrong**.) Use numbers for the perceptions of the brand and ideal points of the segment that will generate the **maximum possible** overestimation that can exist in your calculations. (Hint: The maximum possible overestimation exists with the **greatest possible inconsistency**.) (4 points)

Most of you knew what the relevant limitation was and did relevant WAD calculations, with the exception of not using ideal points and perceptions that had the **greatest possible inconsistency**. The major gap was that most of you did not correctly explain the concept of consistency or the concept of maximum inconsistency. If you did not understand the concept of inconsistency, then you could not explain why it needed to exist for an overestimation to occur. Many of you also could not explain in words what would cause an

overestimation. So, let me start by indicating what the relevant inconsistency is, although this is explained in the notes and also was stressed in class. It deals with whether the size of the difference between the ideal point of a segment and the perception of a brand on one DB is similar or different than the size of this difference on the second DB. In other words, an inconsistency exists when a segment is highly satisfied with a brand on one DB but highly dissatisfied with the same brand on the other DB. Relating this concept to maximum inconsistency, this exists when the difference between the perception of a brand and the ideal point on one DB is a 0 while the difference is 9 on the second DB. Putting this another way, maximum inconsistency exists when a segment is **completely satisfied** with a brand on one DB but **completely dissatisfied** with the same brand on the other DB. If you did not understand this concept, then you could not explain why an inconsistency is needed for a misestimation. The reason is that if the difference is the same with both DBs, then the average difference will always be the same regardless of the weights.

Once you understand the concept of inconsistency, it is relatively easy to understand the importance weights that need to exist for the map to overestimate customer satisfaction. The answer is that **higher** weight needs to be attached to the DB on which there is high **dissatisfaction**. This will result in less satisfaction than what the map would indicate.

One of the limitations of perceptual mapping is that it makes a simplifying assumption about **importance weights**. Describe this simplifying assumption. (1 point) Describe the nature of the **inconsistency** that needs to exist in order for the map to misestimate the true degree of customer satisfaction when this assumption about importance weights is incorrect. Use your own perceptual map with one brand and one ideal point segment to demonstrate this inconsistency. Explain why this inconsistency is needed for a misestimation to occur. (5 points)

See my feedback with the previous question as it focused on the key concept of inconsistency.

One of the limitations of perceptual mapping is that it makes a simplifying assumption about **importance weights**. Describe this simplifying assumption. (1 point) Explain when and why a perceptual map will **underestimate** the true degree of customer satisfaction when this assumption about importance weights is incorrect, **starting** with a description of the nature of the **inconsistency** that needs to exist for there to be an **underestimation**. Use your own perceptual map with one brand and one ideal point segment to help explain your reasoning. (5 points)

Use **two** WAD calculations, with two sets of importance weights to demonstrate the **underestimation** that will occur when this assumption is incorrect. (One set of importance weights would be what the map would assume exist and the second set would be weights to use when the assumption about importance weights is **significantly wrong**.) Use numbers for the perceptions of the brand and ideal points of the segment that will generate the **maximum possible** underestimation that can exist in your calculations. (Hint: The maximum possible underestimation exists with **greatest possible inconsistency**.) (4 points)

Again, see my feedback to the first question 1. This question is exactly the same except it asks for an underestimation rather than an overestimation.

One of the limitations of perceptual mapping is that it makes a simplifying assumption about **importance weights**. Thoroughly and systematically discuss the **degree of significance** of this limitation. (6 points)

The starting point for answering this question is discussing the **two conditions** that need to exist for a limitation to be significant. These two conditions were identified three times in the notes and also discussed in class. Even with this emphasis, and the indication on the study guide that you needed to know these two conditions, many students had no idea what either condition is. Without this knowledge, it was very difficult to get any credit for the significance part of this question. The degree of significance is directly discussed in the notes and seems rather straightforward so I will not go over the details beyond saying that a discussion of the size of the error condition needs to begin with a discussion of the importance of there being an **inconsistency** and why there usually is an inconsistency. See my lengthy feedback under the first question 1 for a discussion of this inconsistency concept and why and how it is relevant (This concept also was discussed at length in the notes.).

QUESTION 2 FEEDBACK

Another one of the limitations of perceptual mapping is that it makes a simplifying assumption about **perceptions**. Describe this limitation and explain when and why a perceptual map will, in a practical sense, **underestimate** the true degree of customer satisfaction when this assumption is incorrect. Use your own visual example to help explain your answer with one brand and one ideal point segment on one DB. Your example should involve the **maximum possible variance**, like the example I used in class. (4 points) How does the WAD approach eliminate this limitation of perceptual mapping? (2 points)

There were two basic mistakes made with this question. First, some of you were talking about the assumption involving everyone having a similar **ideal point** rather than a similar perception of a brand on a DB even if you were using the term “perceptions.” This mistake became evident in many of your examples, because your examples did not deal with the perception of a given brand on a perceptual map. Second, and more important, many of you could not provide an explanation of when and why there will be a practical underestimation when high variance in the perceptions towards a brand exists. The answer starts with indicating that this will exist when the **average** perception is **far** from the ideal point of a segment, Then, if there is high variance, half of the customers will be **more** satisfied with the brand than the average indicates while the other half will be **less** satisfied with the same brand than the map indicates. This seems to be both an overestimation and an underestimation. So, then the question becomes why I say it is a **practical** underestimation. The answer starts with a discussion of the **moderately satisfied** threshold. With this threshold, the average perception from the map would indicate that 100% of the segment is less than moderately satisfied, while the results with individual perceptions, at least with maximum variance would indicate that only 50% of the segment

is less than moderately satisfied. By the way, everything I say here was said in the notes and also said in class. There also was a study guide question on this.

The other thing you needed to do here is show understanding of the concept of maximum possible variance. This concept means that 50% have a perception of the brand as far to the left as possible given where the average is and 50% have a perception of the brand as far to the right as possible given where the average is.

Another one of the limitations of perceptual mapping is that it makes a simplifying assumption about the **number of DBs** used by customers. Describe this simplifying assumption. How often is this assumption incorrect with **high involvement** purchases? Explain your reasoning. Explain why the **size** of the misestimation usually is **small** when this assumption is incorrect. (5 points)

Explain when and why a perceptual map will **overestimate** customer satisfaction when this simplifying assumption is incorrect. Calculate two WADs to demonstrate this overestimation, with one WAD calculation based on what your own perceptual map (with one brand and one ideal point segment) would estimate. Do not use equal importance weights in this calculation. The second WAD calculation should be based on when the assumption is **wrong**. Make sure you use an appropriate set of importance weights in the second calculation, and this set of importance weights needs to be consistent with the first set used. (6 points)

Students tended to do rather well with the first part of this question. The main thing missed here was the part involving an explanation of why the size of the error is small. The answer is that the third benefit can, at most, have a weight of .33 since the only customers on a given map will be those for whom the two DBs are the two most important ones to them.

Students tended to have difficulty with the second part of the question, both in trying to provide a general explanation of the overestimation and then providing a WAD example. The general explanation is that there will be an overestimation if a brand is perceived as being quite **close** to both ideal points on the map but then is perceived as being quite **far** from the ideal point of a third DB that is not on the map. Here, the inclusion of the third DB will pull down the weighted average difference and generate less satisfaction than exists with the two DBs on the map. Your weighted averaging example would have to have numbers for ideal points and perceptions that are consistent with this general explanation. The other thing you needed to demonstrate with your WAD example was knowing how the two calculations would be different. The answer is that one WAD calculation would be with the **two** DBs on the map while the second calculation would include the two DBs on the map but **add a third** DB. You then had to determine the two sets of weights. With the first calculation with two DBs, the **two** weights need to sum to 1.0 and with the second example, the **three** weights need to sum to 1.0, with the weight of the third DB being no more than .33 as discussed in the prior paragraph. Although there is not a numeric example of this in the notes, I gave examples in two different classes, including the class prior to the exam (except in the 10:30 section because of the emergency drill. However, I did give one example in a prior 10:30 class.) Since I have already given at least one numeric example in every class, I am not going to give still another one in this feedback.

Another one of the limitations of perceptual mapping is that it makes a simplifying assumption about **perceptions**. Describe this limitation and explain when and why a perceptual map will **overestimate** the true degree of customer satisfaction when this

assumption is incorrect. Use your own visual example to help explain your answer with one brand and one ideal point segment on one DB. Your example should involve the **maximum possible variance**, like the example I used in class. (3 points) When, why and how often is this assumption incorrect? (3 points)

This question is very similar to the first question under the question 2 feedback with two differences. First, this question asks about an overestimation rather than an underestimation. Second, it asks at the end when and why this assumption is incorrect. Let me first address the overestimation part of the answer. You needed to start by saying that an overestimation will exist when the average perception is very **close** to the ideal point of a segment. Then say that when maximum variance exists, half of the people will have a perception as far to the left of the ideal point given where your average perception is and the other half will have a perception as far to the right of the ideal point as the average perception allows. Both halves will then be a lot less satisfied with the brand on the DB in question than what the map would indicate. See the notes for more detail and also realize that I gave a perceptual map example in class. In terms of when and why this assumption is incorrect, you needed to talk about it being incorrect mostly with **subjective** DBs. Again, see the notes for more discussion of this, realizing I also went over this in class. Also, realize that there was a study guide question on this limitation.

As I said in my feedback to the first question 2, some of you got off to a very bad start by confusing the concept of similar perceptions with the concept of similar ideal points. Still others talked about the limitation where the map assumes only two DBs are important, a limitation which has nothing to do with perceptions.

Another one of the limitations of perceptual mapping is that it makes a simplifying assumption about the **number of DBs** used by customers. Describe this simplifying assumption. (1 point) Explain why this limitation is **not** that significant. (4 points)

Explain when and why a perceptual map will **underestimate** customer satisfaction when this simplifying assumption is incorrect. Calculate two WADs to demonstrate this underestimation, with the first WAD calculation based on what your own perceptual map (with one brand and one ideal point segment) would estimate if the relevant assumption is correct. Do not use equal importance weights in this calculation. The second WAD calculation should be based on when the assumption is wrong. Make sure you use an appropriate set of importance weights in the second calculation and these important weights should be consistent with the weights used in the first WAD calculation. (6 points)

The second part of this question is identical with the second part of the second Q2 above except this one asks about an underestimation. See my feedback with the prior question, realizing that the only difference is that the general explanation here needs to say that an underestimation will exist when the brand is perceived far from both ideal points on the two DBs on the map but would be perceived to be close to the ideal point of the third DB.

In discussing the significance, the answer needs to start by discussing the two relevant conditions, which most of you failed to do. You then needed to say that although the first condition, dealing with how often the assumption is wrong, usually exists with high involvement purchases, the

second condition dealing with the size of the error, usually does not exist because the two most important DBs are on the map. Thus, the weight of the third DB can be no greater than .33

QUESTION 3 FEEDBACK

Let me start with some general feedback. Each question I asked about the six questions asked you to describe one or more of the questions. Many of you left out important details in your descriptions, particularly the underlying point that each question involves comparing a new dissatisfied segment that could be added to the target to the initial target. Putting this another way, many of you gave **only** the shorthand descriptions that I put on the board, even though I said that these descriptions would not be good enough on the exam. Some of you also got the shorthand descriptions wrong in one or more important ways.

It is appropriate to use the repositioning option of trying to **influence perceptions** on a DB used in initial positioning with only **one** of the six questions used to identify potentially profitable repositioning options. Describe this relevant question and also explain when and why trying to change perceptions should be used if a dissatisfied benefit segment is discovered with this question rather than using the repositioning option of adding a new version of the brand. (5 points)

It is necessary to use the repositioning option of adding **ONE new benefit** with **two** of the six questions used to identify potentially profitable repositioning options. Describe each of these two questions. (3 points) With which one of these two questions is it **less likely** that a good repositioning option will be discovered and explain why it is less likely that a good repositioning option will be discovered with this question than with of the second relevant question. To help explain your reasoning, you need to have **three** of your own perceptual maps. The first map should have your initial target on it and this target needs to be in one of the four corners of the map. Each of the other two maps should involve **one** of the **two** possible **common** DBs. (4 points) Explain when and why **adding a new version** of the brand should be used in **addition** to adding a new benefit if a dissatisfied segment is found with this relevant question. (4 points)

In terms of the first part of this question, a lot more detail usually could have been provided about when and why the attempt should be made to influence perceptions with the first question rather than adding a new version. The best place to start is to indicate the disadvantage of each. The disadvantage of adding a new version is higher cost and the disadvantage of trying to influence perceptions is that those in the initial target may switch to a competitive brand because the new perception will be further from their ideal point. Thus, the question becomes how likely is it that customers will switch to a competitive brand. This depends on how close competitors are positioned to the initial target. If none are positioned close to the initial target then few of them will shift to a competitive brand even though they are less satisfied with our repositioned brand. I gave examples of this in the notes and in class so I will not give examples here.

Many of you realized that the two relevant questions with the second part of the question were Q4 and Q5. As I indicated in my general feedback with question 3, some of you could have presented more detailed descriptions of both questions. In terms of the second part of

the question, many of you showed areas of one map that would be relevant to each question, but there often were some missing details. One is that many of you did not put the initial target in one of the four corners as the question required. Another is that many of you did not give three specific maps, one with the initial target, a second that used one of the two DBs from the initial map and a third that used the other DB from the initial map. Most important, many of you relied solely or primarily on the maps for your explanation rather than explaining why each area applied to each question in your example. In terms of the last part of the question, you needed to talk about the two risks of adding a new benefit without adding a new version and it would have been helpful to give your own example to demonstrate understanding of these risks. (perceptual tradeoff and confusing the image)

Describe each of the **three** questions used to identify potentially profitable repositioning options with which it is **required** that a **new version** be added? Explain why it is required that a new version be added with each of these three questions. (5 points) With which one of these three questions is it most likely that a dissatisfied benefit segment will be found? Explain why it is **more** likely that a dissatisfied benefit segment will be found with this question than with either of the other two relevant questions. You must use your own perceptual maps to help explain your reasoning, with each map showing the area or areas that would apply to each of the three relevant questions. You will need to have an initial target on one of the maps and this initial target needs to be in one of the four corners of the relevant map. (6 points)

Of the **three remaining** questions, with which question is it **most** likely that a **new version** should be added even though it is not required to do so. Explain why a new version usually will be added when a dissatisfied benefit segment is found with this question, making sure you start your explanation with a description of the relevant question. (5 points)

Many of you knew that the three relevant questions for the first part of the exam question were Q2, Q3, and Q5. As indicated in the general feedback to this exam question, many of you could have provided more specific descriptions of each of these three questions. Many of you also gave a general explanation of why it is necessary to add a new version when the initial target and the new dissatisfied segment have dissimilar or conflicting ideal points. A specific example would have been helpful and some of you provided one but some did not provide one. In terms of the probability of finding a dissatisfied segment, many of you were correct that the chances are higher with Q5 than with Q2 or Q3 and some of you demonstrated this by showing areas of your own map that applied to each question. As I said in my feedback on the previous question, many of you needed to provide a better explanation to accompany your maps. One of the key points to make is that there are a lot more than two maps that apply with Q5 but that there is only one map that applies with Q2 and Q3. Going on to explain why there are a lot of maps with Q5 would have been beneficial. Also, your perceptual map example needed to have the initial target in one of the four corners as the question specifies.

The correct answer to the second part of the question is Q6 (rather than Q1 or Q4). A good explanation starts by indicating why it often is not necessary to add a new version with Q1 (see my feedback to the first Q3 for this explanation). You also needed to talk about the two risks (perceptual tradeoff and confusing the image) that exist when you add one or two

new DBs to initial positioning and demonstrate understanding of these two risks. Finally, you need to indicate how and why these two risks are greater with Q6 than with Q4.

Describe each of the three questions used to identify potentially profitable repositioning options with which it is necessary to add at least one new determinant benefit to the determinant benefits used in initial positioning. (4 points) With each of these three relevant questions, discuss the probability of using the repositioning option of adding a new version along with adding at least one new DB. Thoroughly explain your reasoning in each instance (6 points)

Only **two** of these three relevant questions involve an **ideal point comparison**. With which one of these two questions is it **more** likely that a dissatisfied benefit segment will be found? Explain your reasoning, using a description of the relevant areas of two of your own perceptual maps that apply to each of these two questions. You also will need a third map with the location of your initial target and your initial target must be in one of the four corners of this map. (6 points)

As most of you realized, the three relevant questions were Q4, Q5, and Q6. As I indicated in my general feedback on question 3, more specific descriptions of the three questions could have been provided. More importantly, the reasoning on adding a new version could have been better and more specifically developed. With Q5, indicate that it is necessary to add a new version because there is a dissimilar ideal point on the common DB and that you cannot satisfy both the ideal point of the initial target and a different ideal point on the same DB of a new segment. An example would be helpful and the example could be in words only rather than with a map. With Q4 and Q6, you need to start by describing and showing understanding of the two risks of adding a new DB without also adding a new version (perceptual tradeoff and confusing the image) and indicating why these risks are higher with the sixth question than with the fourth question.

With the second part of this question, many of you realized that the two relevant questions were Q4 and Q5 and many drew areas of one map that would apply to each question. Many of you, however, did not put your initial target in one of the four corners as the question required, did not show three maps with clearly identified appropriate DBs and also did not provide explanations to accompany your maps.

Describe each of the three questions used to identify potentially profitable repositioning options with which it is **inappropriate** to add at least one new determinant benefit to the determinant benefits used in initial positioning. (4 points) How likely is it that the repositioning option of adding a new version of a brand will be used with each of these three relevant questions? Thoroughly explain your reasoning. (5 points)

What is the primary difference between the conditions in the **fourth** question and the conditions in the first **three** questions? Based on this primary difference, explain why it is more likely that a dissatisfied segment will be found with this fourth question than with the first three questions. Make sure to use your own perceptual maps with relevant areas of each map depicted that apply to each of the four relevant questions. Explain when and why the repositioning option of adding a new version of a brand should be combined with the

repositioning option of adding a new determinant benefit to the DBs used in initial positioning with this **fourth** question. (7 points)

The three relevant questions for the first part of the question are Q1, Q2, and Q3. As I indicated in my general feedback on Q3, many of you needed to provide more specific descriptions of each question. Not all of you explained why it is inappropriate to add a new DB with any of these three questions, indicating that the new segment places importance on the same two DBs as the initial target. Note that the part of the first part of the question, I did not ask you to use a perceptual map example. I did this because I wanted you to have to rely on words to explain this rather than relying on a visual example. Better explanations could have been given. For example, with the second question, say that there will always be at least two rather large areas that apply with one area being far from the horizontal ideal point of the initial target but close to the ideal point of the initial target on the vertical DB (because the question has the new segment having one similar IP but also having one dissimilar one) and with the second area being far from the ideal point of the initial target on the vertical DB but close to the ideal point of the initial target on the horizontal DB.

With the second part of the question, the primary difference between Q4 and Q3 is that the new segment places importance on a DB that the initial target did not place importance on, while, at the same time, placing importance on a second DB that the initial target also placed high importance on. To explain why it is a lot more likely to find a dissatisfied segment with Q4 than with the first three questions, you should start by explaining that there are a lot of maps on which you can find a dissatisfied segment with question 4 and explaining why there are so many maps that apply. Then say that there is only a small band on each of these many maps that apply and explain why the band is small (the similar ideal point on the common DB restriction. Showing at least one separate map for Q4 then could have been done. Note that you also needed a general explanation explaining the large number of maps that exist with Q4, as this is why you are more likely to find a dissatisfied segment with this question. In terms of adding a new version, again you needed to talk about and demonstrate understanding of the two risks that exist with adding a new benefit without adding a new version, namely a perceptual tradeoff and confusing the image.

Q4 FEEDBACK

In general, the biggest problem here is that it was clear that many of you did not study this material enough for any of it to sink in. Almost all of the exam questions were identical to study guide questions. Yet, most of the time very little if anything in answers was in the notes. Given that most of these questions are answered directly in the notes, I will be quite brief in my feedback.

Is a **low degree of perceptual** feasibility more likely to exist when positioning on a) **one** determinant benefit or on b) **two** or more determinant benefits? Explain your reasoning, giving your own example to help explain your reasoning. Is a **low degree of perceptual** feasibility more likely to exist when a) **positioning** or when b) **repositioning**? Explain your reasoning. (4 points)

Fully explain how the degree of perceptual feasibility of a positioning option should be **determined/assessed**. (4 points)

Many of you did well on the first part of the question but poorly on the second part. See the notes for the second part. More of you could have given your own example of a perceptual tradeoff to explain why perceptual feasibility is lower with two or more DBs.

How should the degree of **technical** feasibility of a positioning option be assessed and what are the difficulties/challenges in accurately assessing this degree? (4 points)

Two **factors/potential problems** are used to evaluate **repositioning** options but are not used to evaluate **positioning** options. Describe the **one** of these two potential problems that is relevant to the repositioning option of **adding a new version** of a brand. Explain how and why this potential problem is relevant here and also explain how this potential problem can be lessened when adding a new version of the brand. (4 points)

The first part of this is directly discussed in the notes on positioning under technical feasibility. Rather than repeating the notes, just refer to them. Most of you said nothing relevant here. The relevant factor with the second part of the question is cannibalization. Those of you who knew this did well on this part of the question and the rest of you obviously did poorly.

Should the focus of **competitive** analysis done to evaluate potentially profitable positioning and repositioning options be on the a) **present** or b) **future**? Explain your reasoning. (2 points)
Describe the factors and guidelines that need to be considered in doing this competitive analysis, along with explaining the logic behind each factor and guideline. (4 points)

Fully explain why repositioning usually should be seriously considered even when initial positioning is successful. (2 points)

Most people did not do well at all on the part of the question that asks you to describe the factors and guidelines needed to do the competitive analysis. See the positioning notes under future competitive response for this.

The starting point in the last part of the question is indicating that a concentrated targeting strategy usually is used with initial positioning and explaining why this is the case. Then explain why more profits can usually be made by repositioning to attract new dissatisfied segments.