Scene 1
Welcome to a lesson on perceptual mapping.

By the end of this lesson, you should be able to:
- describe a perceptual map
- explain the value and use of a perceptual map
- list the areas of marketing in which a perceptual map is used
- apply your understanding of a perceptual map to an industry

Scene 2
A perceptual map is a spatial representation in which competing alternatives are plotted in a graph (i.e. Euclidian space). Customers buy products based on perceived benefits. A perceptual map visually summarizes the positions of products on a set of primary customer needs.

The perceptual map has the following characteristics:

The axes of the map suggest the underlying dimensions that best characterize how customers differentiate between alternatives, or brands. Customers may use more than two dimensions to distinguish products, but the objective is to use the lowest dimensionality to represent customers’ perceptions. For illustration purposes, we will use two dimensions.

Using the auto industry as an example, let’s make the dimensions of competition to be degree of hipness and degree of uniqueness. In this example, the alternatives are hip versus practical and unique versus common.

The placement of a brand on the two dimensions reflects the beliefs of customers; in other words, how customers perceive the brand.

The pair-wise distance between product alternatives (i.e. brands) directly indicates the “perceived similarities” between any pair of products, that is, how “close” or “far” apart the products are in the minds of customers.

In the above example, brands A and B are perceived to be similar and brands C and D are dissimilar.

Scene 3
The value of the perceptual map stems from the notion that perception is reality; that is, customer perceptions, in part, determine customer behavior.

A primary use of perceptual mapping is to provide insights into the market structure for a defined set of competing alternatives.

The perceptual map also displays the viable segments that exist in a market for certain combinations of the dimensions (a.k.a. benefits) that customers most prefer. There may be more than one segment in each quadrant of the map, but for illustration purposes, we will use just one segment per quadrant. The segments are represented by the circles on the map. The size of a circle implies the market share of the segment; the larger the circle, the larger the market share. The center of the circle calls the “ideal point” which represents the desired combination of benefits customers belonging in the segment seek in a product.

As described earlier, competing alternatives can also be visually placed on the map according to how they fit on the two dimensions. The products that are viewed as substitutes are placed
“close” to each other and those that are differentiated from one another are placed “far” apart on the map.

In combination, the consumer of desired attributes and perceptions of brands show companies the “holes” in the marketplace. That is, where unmet demands exist and therefore where a new product could be created or a current product be repositioned. Because any location on a map results from the combined effects of a number of beliefs and perceptions, the map suggests which attributes of a product the firm should modify to effect a desired change in the position of the product.

Scene 4
In addition to their use in general positioning decisions, perceptual maps are particularly useful in several specific areas, or stages, of marketing.

The first area is called Benefit Opportunity.

It is useful in this opportunity identification stage of the new product development to locate gaps in the market. This provides focus for new product development efforts.

The second area is called Concept Positioning.

This stage meets two needs:
- to evaluate the potential for the new concept in the context of other existing products
- and to find segments who would find the product most appealing

The third area is identifying a new dimension.

The most common positioning question is where to place a product in the existing perceptual space. Sometimes, however, identifying a new dimension that is important to customers and position uniquely upon it will lead to high market share and profits for a product.

The fourth area is after-use positioning.

By comparing perceptions of a product concept to those of the actual product that is developed based on the concept, the new product team assesses if the product fulfills the customer value proposition.

Scene 5
Let’s return to our car industry example.

First, let’s determine how big of a market segment each group is. The bigger the circle, the larger the market segment.

Drag each circle to the quadrant that you think most closely reflects that size of the market.

When you are ready, click the Compare button. The answers will appear in green.

How well did you guess?

Scene 6
Now let’s determine where particular cars may fall on this perceptual map.
Drag each car to the quadrant you think reflects the type of car.

When you are ready, click the Compare button.

How well did you guess?

This activity was very general. More specifically, notice that each car lies outside each quadrant segment to a degree. Each car manufacturer must decide what to change in their marketing campaign to get their car closer to the segment. Or they may decide to modify the segment area.

**Scene 7**
In this lesson, you learned how to:
- describe a perceptual map
- explain the value and use of a perceptual map
- list the areas of marketing in which a perceptual map is used
- apply your understanding of a perceptual map to the automobile industry