



## Positioning PanizFam Brand in Tehran

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### Abstract

Food Industry among the industries of each country Have strategic importance. Among these industries, industries that provide the daily energy of of each country's citizens is of key importance. sugar industry Sometimes called sugar industry, One of the most important food industry in each country. PanizFam companies with more than 70 years in the field of sugar, is considered a serious competitor for rivals. Positioning to a company that lets their products and brands distinct out and provide the needs of customers better than competitors. In this context, the aim of this research is to determine brand position Paniz Fam relative to its competitors in Tehran. In this research, after interviews with company executives Panyzfam and identify criteria affecting the formation of mentality and attitude of consumers and identify the competitors of the company, 385 questionnaires were randomly among customers stores Etkā and Refah in Tehran Distributed and collected And in the end to determine brand position Panizfam was used exploratory factor analysis(EFA) and perceptual map.

The results of the analysis showed that Golestan brand In terms of all factors (product, place and promotion) is the ideal place compared to other brands And Panizfam company to enhance its position with regard to the three factors of production, place and promotion should use marketing strategies in order to reach the ideal place sugar on the market.

**Keywords:** Position, Exploratory Factor Analysis, perceptual map, sugar, PanizFam



## 1. Introduction

Modern developments in markets are accompanied with new rules. What was considered an advantage in the past is not necessarily an advantage today. Traditional large companies whose basis was once economic scale should inevitably change and move towards modern competition dimensions. Winning in the current situation necessitates an accurate understanding of competitors, which is caused by the factors affecting the formation of mentality and attitude in consumers. Product positioning, i.e. recognition of products competitive positions in this environment, is therefore a necessary and inevitable measure for companies.

A strategically important industrial sector in all countries is the food industry, which is associated with the food security. Sugar industry is of key importance as one of the main suppliers of daily energy for the citizenry. Although many people try to avoid consuming and replace sugar with different diets, sugar and the related products are still one of the most valuable products of industrial factories due to low cost of energy in the sugar industry.

In principle, the plans related to food processing industries include three major branches of activities such as purchase and production logistics, processing as well as marketing. The factor of marketing should be logically considered the starting point of the analysis of the food industry (Karimzadeh, 1998). Ries and Trout (2008) identified the restriction of the circle of focus as the essence of marketing. The demands of customers in one market segment may be different from the demands of customers in another segment. Positioning some products and services in such a way that customers' needs are met in one or several of these segments enables a company to respond and take advantage of these differences (Walker et al., 2008).

Furthermore, the success of a product in a special target market depends on how the product brand is integrated into the market. In other words, it depends on what location or position is assigned to the product (Stanton et al., 1996; Gwin and Gwin, 2003).

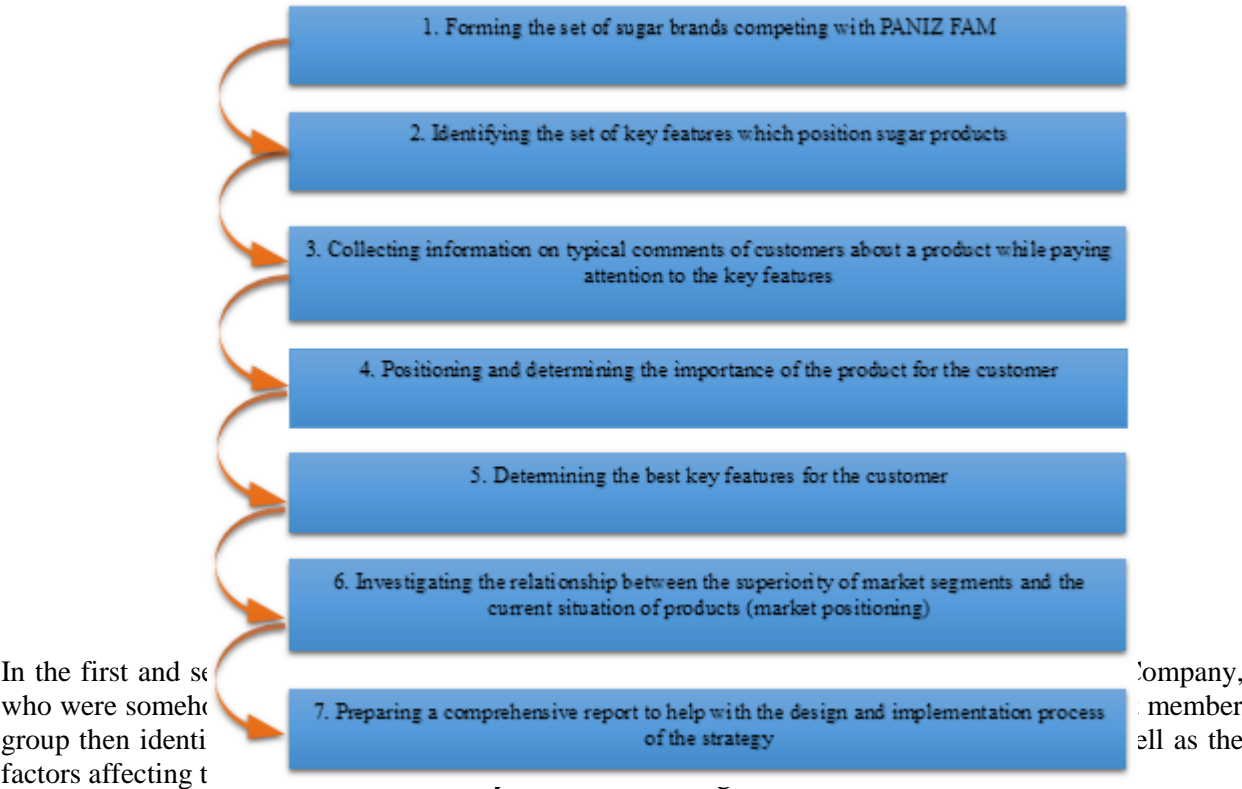
Positioning is a way on which every product should step from the very beginning. Perhaps, the main reason for this is that today, consumers are facing a huge gust of information and propaganda. In the era in which millions of dollars are being spent daily on advertisements, customers are unable to reevaluate the products purchased at every turn of purchase. In this step, the consumer's mind reacts only to those groups of advertisements and information comprehended through knowledge or experience. To facilitate decision making, they therefore classify products, i.e. assign a definite position to products, services and companies in their minds. A product position is a complex set of perceptions, effects and feelings experienced by consumers with one product compared to competing products. Psychologists always stipulate that the mental image is very difficult to change once formed in an individual (consumer) (Stavros, 2000). Philip Kotler defines the product position as *the place a product occupies in the minds of consumers relative to competing products. If a product is imagined by market consumers as being similar to another available product, there will be no reason for purchasing it* (Kotler and Armstrong, 2011). The perceptual map is useful for product positioning. This tool helps managers understand the complicated relationship between market competitors and preferences of consumers when deciding to buy (Benedict, 1994).

Based on what was stated, the main purpose of the present study was to investigate the position of sugar brands in the perspectives of customers of Etko and Refah Chain Stores in Tehran, Iran using the technique of the perceptual map (case study: The PANIZ FAM brand).

## 2. Theoretical framework

A series of actions and steps are needed to be taken according to the following model, known as the Walker model, to integrate a new product or reintegrate and improve the position of an existing product into the minds of customers. In order to achieve the study goal, a conceptual

model inspired by the Walker positioning model was developed. The positioning process was proposed by slightly changing the Walker model as follows:



In the first and second steps, the PANIZ FAM Company, which was a member of the group then identified the factors affecting the mentality and attitude in sugar consumers as the

**Table 1: The PANIZ FAM Company competitors and the factors affecting mentality and attitude in sugar consumers**

PANIZ FAM competitors	Factors affecting mentality and attitude in sugar consumers	
Golestan	Package size	The credibility in terms of having international standards and certifications
Pardis	Package color	Constant supply of products in stores and supermarkets
Alba	Price	The information printed on the package
Ghandaneh	Ease of access to the product	Appearance beauty of the product
Famila	Media advertisements	The taste and smell of the product
Alba	Offering discounts	Brand reputation and credit

After identifying the competitors and based on the factors found to be affecting mentality and attitude in sugar consumers in the first and second steps, a survey was conducted on 385 randomly selected customers of Etkā and Refah chain stores using a researcher-made questionnaire to collect information on the customers' opinions about the products and competitors of the PANIZ FAM Company. In order to confirm the content validity of the data collection tool, the opinions of experts, such as marketing professors and managers of the PANIZ FAM Company, were taken and the necessary modifications were included. Furthermore, a Cronbach's alpha of 0.918 calculated in SPSS confirmed the questionnaire validity (reliability).

In the fourth and fifth steps, after analyzing the data collected using the exploratory factor analysis, the current position and importance level of the sugar products produced by PANIZ FAM as well as the supreme combination of the key features for the customers are identified and the perceptual map is then drawn.

In the six step, the relationship between the best market segments and the current position of PANIZ FAM sugar products was determined and a comprehensive report was ultimately presented to help with the design and implementation process of the marketing strategy.

### 3. Data analysis

A lot of variables are normally dealt with in the literature owing to different reasons. For a more accurate analysis of data and more scientific yet operational results, researchers seek to reduce the number and form a new structure for variables by using factor analysis. Factor analysis tends to identify principal variables or factors to explain the correlation pattern between the observed variables. In the exploratory factor analysis, the researcher's initial default is that every variable may be associated with every factor and they seek to identify the infrastructure of a relatively large set of variables. In other words, the researcher has no initial hypothesis in this method (Momeni and Faal Ghayoomi, 2012, 170). Different methods can be used to conduct a factor analysis such as principal component analysis, which was used in this dissertation, as effective components were required to be identified. The rotation of the principal components matrix can also be done in a variety of ways such as varimax, as the most suitable method for identifying the most effective components. Different methods are used to select the number of factors and to explain the variance. The components selected in this dissertation have eigenvalues of more than 1. This is the main method of selecting the number of components (Janson and Wichem, 1999).

**Table 2: Eigenvalues (reference: SPSS output)**

Factors	Eigenvalue	Percentage of variance explained	Total percentage of variance explained
The first factor	5.3	36.45	36.45
The second factor	4.01	15.93	52.38
The third factor	3.9	15.71	68.09
The fourth factor	1.8	14.56	82.66

According to table 2, factors 1, 2, 3 and 4 have eigenvalues of more than 1 and therefore remain in the analysis. Moreover, 82.66% of variance is explained by these factors. In other words, these factors explain almost 83% of the variability (variance) in the variables.

**Table 3: Rotated matrix of components (reference: SPSS output)**

Variable	The first factor	The second factor	The third factor	The fourth factor
Package size	0.72			
Package color	0.56			
Price				0.63
Ease of access to the product		0.62		
Media advertisements			0.53	
Offering discounts			0.48	
The credibility in terms of having international standards and certifications			0.61	
Constant supply of products in stores and supermarkets		0.87		
The information printed on the package	0.61			
Appearance beauty of the product	0.86			
The taste and smell of the product	0.91			



Brand reputation and credit		0.64	
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Factor loading, as the starting point in factor analysis, represents the relationship between each principal variable and the new factors. A factor loading shows the importance scale of a variable in measuring the factor. The factors obtained are eventually named and the dependence and relationship between each variable and the factor is investigated. There is often a clear conformity among the variables defining a factor (Zaribaf and Shameli, 2012).

As shown in the rotated component matrix (table 3), variables are divided into four segments by four components (factors) based on their factor loadings.

Factor analysis identified 4 out of 12 factors as the principal factors affecting the formation of mentality and attitude in sugar consumers. These factors are named as follows based on a review of the literature (chapter 2):

#### 1- The first factor: product

Factors analysis indicates that variables such as package size, package color, taste and odor of the product, appearance beauty of the product and the information printed on the package are categorized as the first factor, namely product.

#### 2- The second factor: place (Distribution)

Variables such as ease of access to the product and constant supply of products in stores and supermarkets are categorized as the second factor, namely distribution.

#### 3- The third factor: Promotion (promotion of sales and advertisements)

Variables such as media advertisements, the credibility in terms of having international standards and certifications, offering discounts and brand reputation and credit are categorized as the third factor, namely promotion of sales and advertisements.

#### 4- The fourth factor: Price

This factor includes price only.

In the following, the effectiveness degree of each of the variables on the four factors is investigated according to table 3 as follows:

**Table 4: Degree of effectiveness of variables on the product factor**

Variable	Factor loading	Ranking
Taste and odor of the product	0.91	1
Appearance beauty of the product	0.86	2
Package size	0.62	3
The information printed on the package	0.61	4
Package color	0.56	5

**Table 5: The degree of effectiveness of variables on the Place factor**

Variable	Factor loading	Ranking
Constant supply of products in stores and supermarkets	0.87	1
Ease of access to the product	0.62	2

**Table 6: The degree of effectiveness of variables on the Promotion factor**

Variable	Factor loading	Ranking
Offering discounts	0.64	1
Brand reputation and credit	0.61	2
Media advertisements	0.53	3
The credibility in terms of having international standards and certifications	0.48	4

**Table 7: Degree of effectiveness of the variable of price on the factor of price**

Variable	Factor loading	Ranking
Price	0.63	1

According to table 6 and 7, the last two factors, i.e. promotion of sales and advertisements, especially the factor of price, have negligible effects on the total variations, as different people respond similarly to

different brands for these variables. In other words, according to the respondents, there are no significant differences between these variables in different brands. What actually differentiate and make a gap between brands in the market are indeed the product features, the way of distributing the product and the promotion of sales and advertisements, while the factor of price has not much influence or their indicator is of little difference between different brands.

#### 4. Drawing of the perceptual maps

The perceptual map, as one of the strategic management tools which dates back to 30 years ago, help managers comprehend the complicated relationship among the market competitors and consumers' preferences when deciding to buy. The perceptual map represents customers (consumers') preferences or more precisely customers' perception of different aspects of products and provides a visual drawing and presentation of positions of different brands of products in a competitive environment based on two or more key features (Benedict, 1994).

Positioning using the perceptual map is the fifth step. As previously mentioned, the price index is relatively ineffective in consumers' view or their index is not significantly different among different brands. Three factors of product, distribution and promotion of sales and advertisements are therefore the main focus in drawing the perceptual map. As a result, the perceptual maps drawn include product and distribution, product and promotion of sales and advertisements as well as distribution and promotion of sales and advertisements. The highest focus will be on the two factors of product and distribution when drawing this map.

Brands positions are investigated in the perceptual map. The diagram determines the relationship of the variables with the two factors. The values obtained for each brand in the perceptual map is a weighted average which is calculated as follows:

$\sum_{i=1}^s W_i \bar{x}_{ik}$ : Value of the  $k^{th}$  brand in the map

$\bar{x}_{ik}$ : The mean  $i^{th}$  variable in the factor for the  $k^{th}$  brand

$W_i$ : The factor loading of the  $i^{th}$  variable

In this equation,  $s$  represents the number of factors. It is therefore sufficient to calculate this value for each factor of the map separately for each brand and display them on the x and y coordinates of a point in the map based on the factors. Moreover, the lines splitting the map into four sections are drawn based on the total mean of the factors obtained from all brands. The upper right quadrant in the map shows the ideal area, while the lower left quadrant defines the most inappropriate area in customers' view (Saeidnia and Firoozian, 2007).

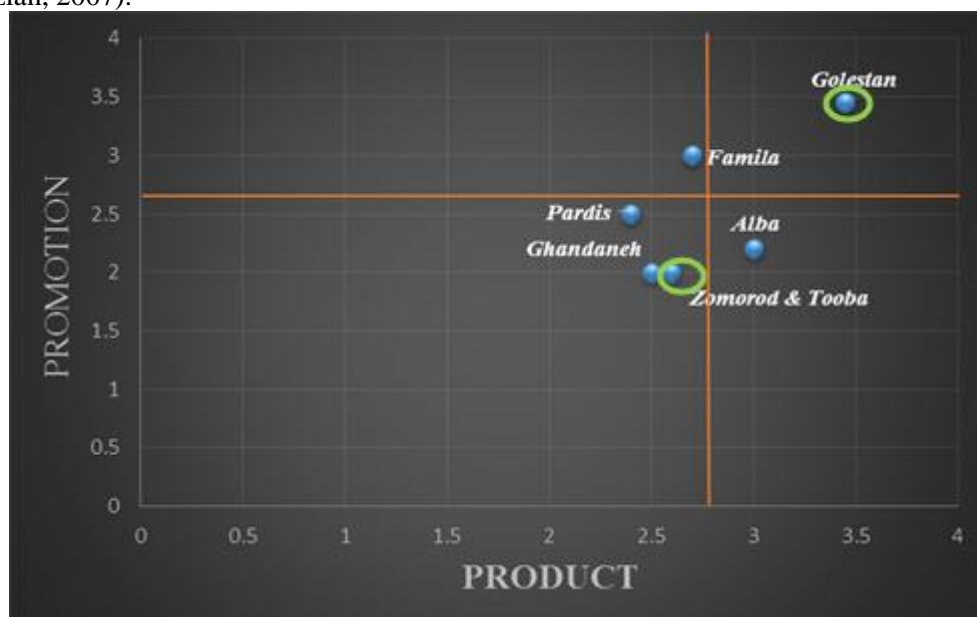


Diagram 1: The perceptual map in terms of product and promotion

Diagram 1 illustrates the perceptual map in terms of the two factors of product and promotion of sales and advertisements. The Golestan brand is located on the ideal area in customers' view. The reason is appropriate packing of Golestan sugar products, beautiful appearance of the products of this brand, effective media advertisements as well as reputation and credit of the Golestan brand. According to diagram 1, Zomorod & Tooba brands are located near the boundary of the inappropriate area in this map. This position should be improved by improving the subset variables of the promotion of sales and advertisements as well as product.

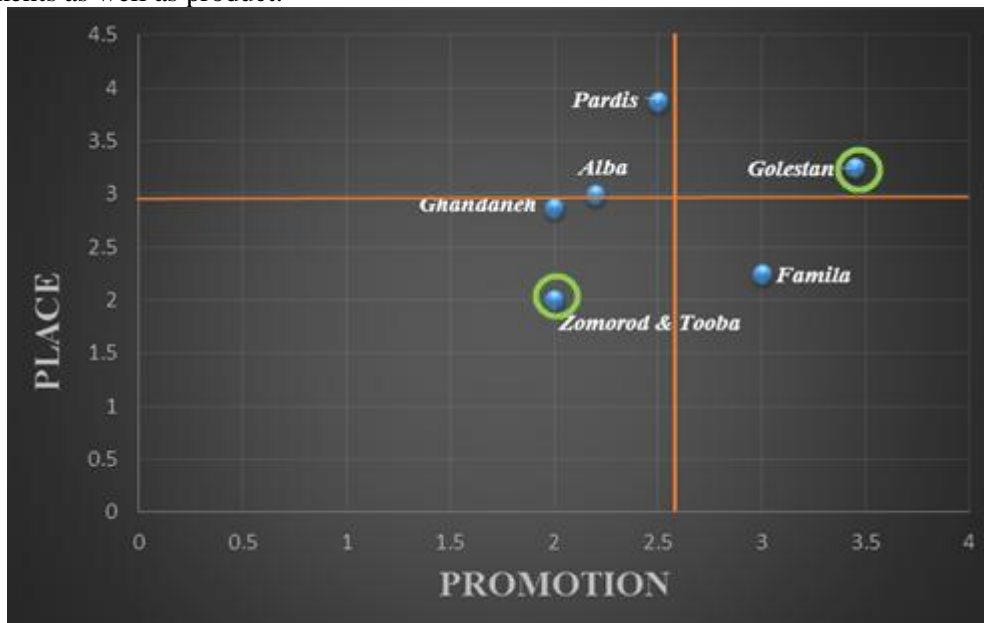


Diagram 2: The perceptual map in terms of Place and promotion

According to diagram 2, the Zomorod & Tooba brands could promote their position by changing their distribution system as well as adopting promotional and advertising activities.

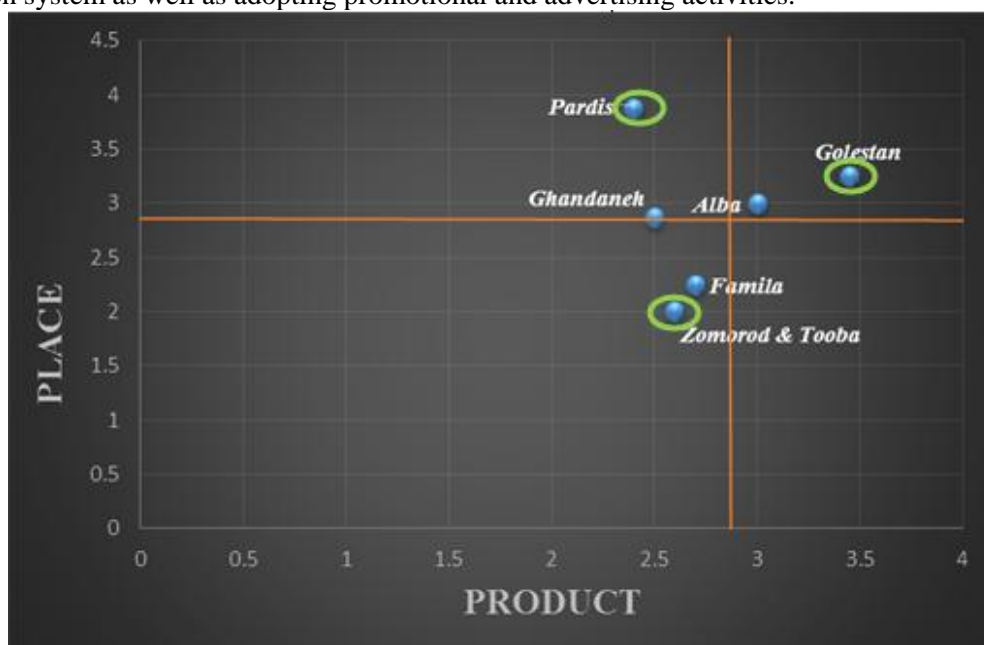


Diagram 3: The perceptual map in terms of product and distribution



According to diagram 3 as the perceptual map in terms of product and distribution, the Golestan and Alba brands are placed on the ideal area because of their extensive distribution and appropriate packaging of these products. The Zomorod & Tooba brands should improve their position through a general improvement of product and distribution, which is subject to changing the subset variables of each factor.

## 5. Conclusion and Recommendations

The main purpose of the present study was to use the technique of perceptual map to investigate the position of the PANIZ FAM brand in the view of customers of Etkā and Refah chain stores in Tehran, Iran. After considering the opinions of customers, factors such as product, distribution, promotion of sales and advertisements as well as price received the highest ranks among the indicators considered by customers. The management tool used was a graphical map. The factors with the highest ranks were compared in a pairwise fashion by drawing a 2D diagram to understand the map. The results of the perceptual maps are summarized as follows:

### 5.1. The perceptual map in terms of product and promotion of sales and advertisements

According to diagram 1, the Golestan brand was placed on the ideal area from the perspective of the product factor because it provided appropriate packages in terms of size, package material (resistant and strong), color and beauty (transparent and pretty).

Furthermore, good reputation and credit of the Golestan brand in other products such as tea and rice as well as use of promotional tools such as billboards across the city of Tehran and effective TV advertisements created appropriate images of this brand in customers' minds.

According to diagram 1, the Zomorod & Tooba brand is located in the vicinity of the boundary of the inappropriate area of this map. This position should therefore be improved by improving the subset variables of promotion of sales and advertisements as well as product as proposed in the following.

### 5.2. The perceptual map in terms of distribution and promotion of sales and advertisements

According to diagram 2, the Golestan brand which was placed on the ideal area in terms of product and promotion of sales and advertisements in diagram 1 was placed on the ideal area of this map too. In addition to having a widespread distribution in Refah and Etkā chain stores compared to other competitors except for Pardis, Golestan sells its products in other chain stores across Tehran, including Hyperstar, Hyperme and Shahrvand. In this regard, owing to providing access and visibility, consumers are well familiar with the Golestan sugar brand, which has improved the position of this brand.

According to the diagram, Pardis is positioned in terms of distribution even better than Golestan. The reason is that in addition to a widespread distribution in the majority of chain stores in Tehran, Pardis extensively distributes its sugar products even in supermarkets across the city, which indicates its strong distribution channel. Zomorod & Tooba is however far away of the ideal area of the perceptual map in terms of distribution and promotion of sales and advertisements. Zomorod & Tooba, i.e. PANIZ FAM, do not provide an extensive distribution in Etkā and Refah Stores compared to Golestan, Pardis, Alba and Ghandaneh. The number of products of this brand in Refah chain store, Azadi branch, is the same as the number of fingers in one hand. Moreover, the sale shelf and space provided for Zomorod & Tooba products in some of these stores is not spacious enough.

### 5.3. The perceptual map in terms of product and distribution

According to the two previously mentioned diagrams, the Golestan brand has created an ideal image in customers' minds in terms of the components of product and distribution as well. Pardis also may get closer to Golestan by changing the factors of its products.

In addition, the Zomorod & Tooba brands can improve their position by providing a widespread product distribution compared to the present situation and changing its product. Recommendations will be given in this regard in the following.

In spite of the present inappropriate position, the PANIZ FAM brand, i.e. Zomorod & Tooba in perceptual maps, can improve their position. Recommendations given in the following are based on the importance of each of the factors given in table 3, i.e. product, distribution, promotion and price, as well as their subset variables, taking into account the factor loading of the variables in tables 4, 5, 6 and 7.

### 5.4. Product related recommendations



- 5.4.1. As to the taste and odor of products, the managers of the PANIZ FAM Company are recommended to use an innovative strategy for their products. This is one of the most sustainable development methods. As a result of supplying innovative modern products, the company will enjoy the modified strategy and new competitive advantages. Presenting this process, the company can easily take hold of the market leadership and exit the reactive mode. Along with the innovative strategy, products such as sweet teabags (sweet tea), which are easy to use in different situations such as planes or trains, are recommended to be produced as they are very effective advertisements for the introduction and familiarity with the PANIZ FAM Company and Zomorod & Tooba brands.
- 5.4.2. As to the appearance beauty, paper envelopes used in grocery stores in the past are recommended to be used instead of plastic bags. The following photo is an example of a foreign product package.



Figure 2: A package example

- 5.4.3. As to the package size, small sugar packages are recommended to be used in coffee shops, trains and aircrafts. The following figure shows two examples of these packages.



Figure 3: A sample package

- 5.4.4. As to the information printed on the package, given 70 years of experience in the sugar industry, the PANIZ FAM Company is recommended to use statements such as ‘we have been with you for 70 years’ on its packages. As a result, this will undoubtedly create confidence and draw the attention of customers to this brand.



5.4.5. As to the package color, the white color is recommended to be used similar to figure 2.

#### **5.5. Recommendations on Place (distribution)**

Constant supply of products in stores and hypermarkets and ease of access to the product are two subset variables of the distribution factor. Given the lowest distribution position of Zomorod & Tooba brands compared to their competitors, the managers of the PANIZ FAM Company are recommended to use the upward vertical integration or leading development strategy to improve this factor.

The purpose of this strategy is to buy distribution companies or retailers to enhance the control ability of the company. Using this strategy, the PANIZ FAM Company can apply the leading development in the production cycle to identify and take hold of major retailers in the five mentioned key areas in Tehran and thereby supply its products better and more fluently to the market. Furthermore, given the great recent welcome of Tehran residents to Hyperstar stores, the PANIZ FAM sugar product is recommended to be distributed on a limited basis in these stores in order to enhance the visual and mental familiarity of people with the product.

#### **5.6. Recommendations on Promotion (promotion of sales and advertisements)**

The expenditure spent for promotion of sales and advertisements is positively related to the success in terms of the growth of market share and the customer's welcome given to the new product (Aaker, 2010). According to the perceptual maps, Zomorod & Tooba brands have a relatively lower position in terms of this mixed marketing factor compared to their competitors. Given that a company such as PANIZ FAM is unable to cover all the existing market as a result of its weakness in the distribution system or in provision of other services, the market penetration or deepening strategy can be suggested to be used (Sarmad Saeidi, 2013, 106). Using this strategy, companies try to increase their market share of current products through marketing activities such as spending more on advertisements and public relations. The following suggestions are presented in this regard:

- 5.6.1. Using the special sale method for products in Etkā stores in March-April not only increases the product sale but also may familiarize customers with Zomorod & Tooba brands and create a good mentality about this brand in customers. Based on the accurate information the authors obtained about the Etkā organization, the sale level of the PANIZ FAM Company products in March-April was about one third and the least compared to the rest of the year.
- 5.6.2. Writing or printing statements such as 'suitable for making jam' and '3 kg plus 250 g gift' on 3 kg sugar packages to encourage customers to purchase these packages
- 5.6.3. Using high quality graphically designed billboards at appropriate places in Refah and Etkā stores to familiarize customers more with Zomorod & Tooba brands
- 5.6.4. One of the activities of the Public Relations is '*to advertise for different events*' (Sarmad Saeidi and Abdollahi, 2016). In this regard, the PANIZ FAM Company is recommended to take measures such as holding seminars or conferences on the management and marketing of the food industry in collaboration with prestigious domestic universities for various events such as anniversary of the company.

#### **5.7. Price associated suggestions**

Based on the results of the data analysis obtained in chapter four, price was a factor with little effect on the selection of customers' favorite sugar brands, a reason of which is the insignificantly different prices of brands such as Pardis, Golestan, Ghandaneh, Alba, Famila and Zomorod & Tooba.

It is worth mentioning that companies can produce and supply their products at lower fixed prices when market is composed of purchasers who are sensitive to price fluctuations, products in the market are uniform and different brands make no difference to customers (Sarmad Saeidi, 2013, 108). The results obtained in the present study indicate that factors such as product and customers access to the product are more important compared to other factors.

The PANIZ FAM Company can reduce significantly the price of their products and play the role of a market leader only if it can reduce costs of transportation, waste products, etc.

Table 8- A summary of practical and operational recommendation for the PANIZ FAM Company

Marketing mix	The marketing strategy used by the PANIZ FAM Company	Recommendations
Product	Innovative strategy  Reduction (reverse) strategy	Producing sweet teabags (sweet tea) for aircraft and train passengers
		Using paper envelopes with different designs (figure 2)
		Producing small sugar packages for coffee shops, trains and planes (figure 3)
		Printing the statement 'we have been with you for 70 years' on all packages
Distribution	Upward vertical integration or leading development strategy	Product distribution in large retailers in five areas of Tehran Product distribution in Hyperstars
Promotion	market penetration (deepening) strategy	Using high quality graphically designed billboards and providing visibility in Etkā and Refah stores
		Holding seminars and conferences for special events such as the company anniversary

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