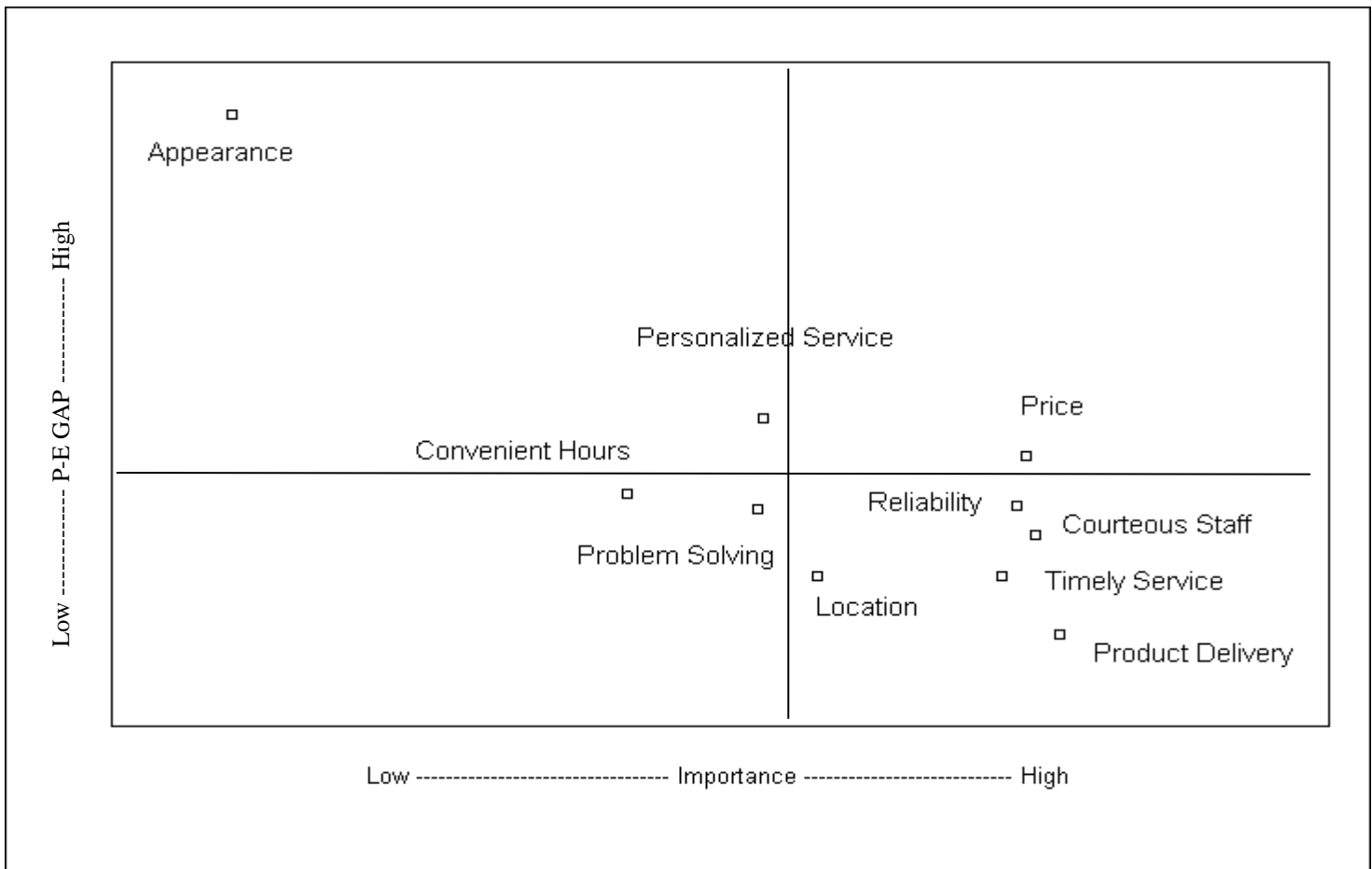


GAP Analysis Primer

“GAP” analysis is used to help understand the relationship between what is important and the perceived difference between performance and expectations. For example, a consumer might note that “price” is very importance in their decision to purchase an item; however, when asked what else is important in that decision, the consumer might also list another 20 items or attributes that are equally important. Thus, how does price actually “rank” in comparison to the entire set of decision criteria?

As with cause/affect models such as regression and discriminate analysis, GAP analysis attempts to understand that relative positioning. The value in GAP analysis is its simplicity and “Pictorial” representation. However, GAP analysis does not determine any statistical relationship between these items of importance. GAP analysis is based on the comparison between an attribute's importance [mean rating] and the difference between the attribute's [mean] performance and its [mean] expectation, called the P-E gap. An example is displayed below.



A high [or positive direction] P-E gap for an attribute is favorable and means that performance exceeds expectations [$P > E$]; on the other hand, a low [or negative direction] P-E gap denotes performance as being below expectations [$P < E$]. While these are informative results, a much more revealing interpretation takes place when attribute importance is considered. As seen in the sample graphic, several attributes have a high level of

importance in the purchase decision [product delivery, courteous staff, timely service, price, and several others that located to the right of the vertical reference line [located at the overall mean for the various attribute scores].

Note the attributes in the upper right-hand quadrant [price and reliability]. This quadrant contains those attributes that are not only very important to the consumer but also are performing at a level that is “higher than expected [$P > E$].” For “reliability,” this might be a very positive result but for price, just the opposite can be construed. Consumers are saying that price, an important attribute, is high compared to what is expected. More specifically, it suggests that leverage exist in price management, the supplier might have some flexibility.

Attributes that fall to the left of the vertical reference line are classified as those of “lesser importance” relative to those to the right of the line. This is not to say that they are unimportant. However, the information derived from this example does suggest that there are attributes that are performing very well, compared to expectations [$P > E$ in the upper left-hand quadrant] such as appearance that can be deemphasized or efforts channeled away from and have nominal affect of the decision process.

The P-E map used in this research does not form its basis on pure quadrant theory but is an extension of an earlier theory that involved "market acceptance" models using "cash cows" and "dogs" to segment products based on their market attractiveness and competitive positioning. Here we relate attractiveness to importance, while the P-E gap is a gauge of perceived market position. Such a display exposes attributes that have a high level of importance to the consumer, as defined by its mean rating, but have a low performance-to-expectation deviate (P-E gap).

When the P-E gap is considered, attributes with a large negative value (performance below expectation), warrant further investigation. There also are several that are simply "average" when compared to the overall rating means (that define the quadrants).

Key Points

- Importance associated with brand or service attributes is not the only consideration in determining consumer decision making;
- Critical companion considerations include an attribute's perceived performance as well as consumer expectations;
- If an attribute is deemed important, the consumer might seek other alternative suppliers if performance, or the delivery of that attribute, is below expectations;
- Attributes that fall in the upper right-hand quadrant of the GAP map have high perceived importance and are performing at a level higher than that expected [$P > E$]: There is "delivery leverage" such that the supplier can consider diverting some emphasis to another attribute that might be in the lower right-hand quadrant [high importance but performance is less than expected – $P < E$];
- Attributes that fall in the left-hand quadrants are of a lesser importance, relative to the others, and those in the upper left-hand quadrant might be "wasting valuable resources" since the attribute's perceived performance is above expectations: The supplier is delivering on an attribute that has a lower level of importance.