



Chapter 6

Hitting the target:



POSITIONING





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Objectives

- Learn the criteria for positioning and how to choose the most appropriate
- Understand the positioning strategies
- Select the positioning strategy
- Learn how to use the perceptual maps

Abstract

After selecting the target segment(s), it is necessary to develop the appropriate marketing mix to the consumers to buy. This is done taking into consideration how the firm wants the consumer to see the product in relation to those of the competition. This means defining the **positioning** of the product.

Positioning means differentiating the firm's offer from the competitors' **in the mind of the consumers**. The elements that differentiate the firm from the competitors are the **Points of Difference**. Not all these differentiating factors have the same importance for positioning. Each differentiating feature causes additional costs but not always generates real benefits that are perceived by the consumer.

After selecting the criteria for positioning, the firm must position its products so they meet the preferences of the consumers in the target segment in a distinguishing way from its competitors. This should be done in relation to the characteristics of the product type that are most important in the choice of the consumers. These are the **significant attributes** of the product.

To assess its positioning in relation to the competitors, the firm uses **perceptual maps**.

6.1. Hitting the target market

Final phase of the S-T-P process →
provide consumers in a target segment with a product that
meets their specific needs and expectations.

It is not enough to choose the target segment(s)
Must decide how to present the product(s) in relation to those
already on the market

After segmenting the market and choosing the target segment(s),
the firm must plan how to reach them, achieving a stable position
in the consumer's mind

6.1. Hitting the target market

Decide

- how to create a differentiated value for the target segment(s)
- what position to occupy within those segments.

Know what product's attributes the target consumers consider most important in their evaluation of the buying alternatives.

Convince them that the product the firm offers is the one that best satisfies their requisites.

6.1. Hitting the target market

Define the *value proposition*

- what the product or brand promise to the consumer.

This promise should convince the target market to buy the firm's instead of the competitors' products

The way that this promise is perceived by the consumers represents the **positioning** of the product or brand.

6.1. Hitting the target market

With **POSITIONING**, the company tries to bring its offer as close as possible to the expectations of the target market →

- the consumers develop in their minds a clear and positive image of the product (or the brand)
- they feel in tune with it,
- perceive an increased value,
- buy it and become loyal long-term customers

6.1. Hitting the target market

Positioning is about the product, but is not defined by the product as the company makes it but by **the way the consumers see it**.

The position of a product is a set of perceptions, impressions and sensations consumers have about the product relative to the offerings of the competition,

i.e. **the place it occupies in the minds of consumers** compared to competing products

6.1. Hitting the target market

Positioning **starts with a product...**but positioning is not what you do **to a product.**

Positioning is what you do
to the mind of the consumer.

Products are made in the factory,
but **brands** are created in the mind of the people

6.1. Hitting the target market

The positioning process consists of four steps:

1. Identifying the sources of differentiation that can offer to consumers a greater value than the competitors do.
2. Choosing the most suitable competitive advantage on which to ground comparison with competitors.
3. Choosing the positioning strategy (selecting which differences from competitors to emphasize).
4. Designing a marketing mix coherent with these choices, with care of the communication tactics necessary to support this positioning.

6.1. Hitting the target market

Action	Object
Identifying	the useful sources of differentiation
Choosing	the differentiating competitive advantage
Selecting	the differences from competitors to emphasise
Designing	a consistent marketing mix

6.2 Positioning criteria

POSITIONING is born with the product

BUT

POSITIONING is not determined by acting on the product but on the mind of the potential buyer

6.2 Positioning criteria

The criteria for positioning are related to the elements that differentiate the company from the competitors, the so-called **Points of Difference**:

- Benefits the product offers (in function of the attributes of the product or its price)
- Situation and type of use;
- Type of users;
- The company's image
- Direct comparison with a competitor.

6.2 Positioning criteria

Criterion	Main aspect
Attributes of the products	associate a specific feature to the product
Expected benefits	emphasise the need the product satisfies
Occasion of use	highlight the peculiar occurrence for using the product
User category	highlight the type of consumer whose specific needs the product meets
Dissociation from competitors	describe how the product is different from those of competitors

6.2 Positioning criteria

The attributes chosen as differentiating factors should be

- **Significant**, because it gives a benefit with a high value for target consumers.
 - **Unique**, either because competitors do not offer this feature or because the firm offers it in a way that distinguishes it from the competition;
 - **Superior**, because the differentiation in relation to the attribute is greater than what the competitors offer.
 - **Original**, because the difference cannot be easily imitated by the competition.
 - **Communicable**, because it is easily visible to the potential buyers and its benefits can be clearly communicated to them.
- Accessible**. Because buyers can afford the premium price due to differentiation.
- Profitable**. Because it must be a source of profit for the company.

6.3 Selecting the positioning

After choosing the criteria for positioning the firm must position its products in such a way that the consumers perceive them as superior to the ones of the competitors.

Positioning is the firm's decision regarding the benefit that the brand must have in order to gain a distinctive position in the market

6.3 Selecting the positioning

To position its products, the company must understand:

- what exactly the target consumers require for satisfying their needs;
- how they assess the offer of the firm in relation to their preferred way to satisfy those needs;
- how they assess the offer of the firm in relation to the offer of the competitors.

6.3 Selecting the positioning

The aim of the firm is to achieve a positioning that is

- **distinctive** (differentiating itself from the competition)
- **appreciated** (offering greater value to the customer).

6.3 Selecting the positioning

The way a product is presented to the buyers is the **value proposition**

→ the combination of benefits on which the differentiation and positioning of the brand are set

→ the answer to the customer's question
why should I buy this brand?

6.3 Selecting the positioning

The possible positioning can be assessed by means of a matrix that combines

the price (low, medium, high) and
the benefits for the customer (high, medium, low).

Of the nine possibilities that arise, three are poor proposals and one is indifferent.

Five can be successful

6.3 Selecting the positioning

Matrix of possible positioning strategies

		Price		
		<i>High</i>	<i>Medium</i>	<i>Low</i>
Benefits	<i>High</i>	<i>More for more</i>	<i>More for the same</i>	<i>More for less</i>
	<i>Average</i>			<i>The same for less</i>
	<i>Scarce</i>			<i>Less for much less</i>

6.3 Selecting the positioning

More for more

Positioning based on high benefits for high prices means offering high quality products at a high price consistent with the costs incurred.

The firm is a “quality leader”

More for the same

More for the same. This positioning is used by firms that attack the “quality leaders” launching a product or brand of similarly high quality at a lower price.

The same for less

This positioning strategy means offering benefits that are similar to those offered by the competitors at lower price.

6.3 Selecting the positioning

Less for much less

This is the positioning strategy of a firm that targets the lower segments of the market.

The product offers only the essential to satisfy their need at a very low price.

More for less

This strategy means that the firm offers high level of benefits at a low price. This positioning proposes a very good offer, that is so convenient that can be considered as “to good to be true”.

In effect customers should be careful in assessing such an offer, because seldom the producer can maintain the promise.

6.3 Selecting the positioning

A proper positioning must consider more precisely the factors related to the product that influence customers' buying choices.

The most important characteristics of the product category should be identified.

Some of these characteristics are more important than others these are “**significant attributes**” of the product the traits that consumers consider in their evaluation of the products present in the market and determine their buying choice

6.3 Selecting the positioning

The significant attributes that must be chosen are different for each product category.

It is important to understand how consumers perceive products based on the attributes they value as most significant, also because the positioning by significant attributes can lead to the identification of subgroups or niches in the market and in the segment chosen as the target

6.4 Checking the positioning

When shopping for a product, people have preconceptions about the type of product they prefer and choose a particular brand based on the attributes they feel are important.

Ascertaining the most common associations that consumers make help to find out what are the most important attributes for a category of product and the expectations of consumers in relation to the products.

6.4 Checking the positioning

The research aims to discover what are the characteristics that consumers associate with a product and which ones they consider more important for deciding to buy.

→ qualitative survey on a small group of consumers, asking open-ended questions such as:

- What are the characteristics you look for when you choose (this product)?
- Name some positive adjectives you would use to describe (this product).
- Name some negative adjectives you would use to describe (this product)

6.4 Checking the positioning

This allows identifying the product attributes that have some importance for the consumers.

To assess the degree of importance of each characteristics, a quantitative survey is required asking closed-ended questions such as:

Which of the following features (the ones identified in the previous research) are you looking for when you need to buy (the product)?

This allows to ascertain which features are the most important.

These are the **significant attributes** that the company needs to get right to position its products successfully

6.4 Checking the positioning

The next step is to identify the exact "dimension" the consumers prefer of an attribute.

This is obtained by market research where consumers are asked to express their preference (generally done by using a Likert scale) →

In this way, it is possible to have a list of attributes with their relative importance for the consumers.

This allows defining the profile of the **ideal offer** from the consumers' point of view.

It also allows understanding how the consumers' preferences are distributed (that is identifying sub-segments preferences)

6.4 Checking the positioning

Having defined the profile of the ideal offer, it is convenient to use the positioning maps for the product category.

A positioning map is a graphic representation on two dimensions of the perceptions of consumers about the products' or brands' characteristics.

They are represented as a two-dimensional Cartesian diagram in which, on each axis, two opposite terms are placed in opposition (it should be avoided to use terms that are not clearly opposite to each other).

Alternatively, the presence of an attribute is plotted in a continuum from low to high (on one axis: quality; on the other: price).

6.4 Checking the positioning

The maps constructed in this way are called also *preferences maps*.

Placing on the maps the position where consumers locate the company brand on the attributes considered → makes possible to understand

- how much the brand is in line with consumers' desires
- which distances should be bridged
- how this can be done.

6.4 Checking the positioning

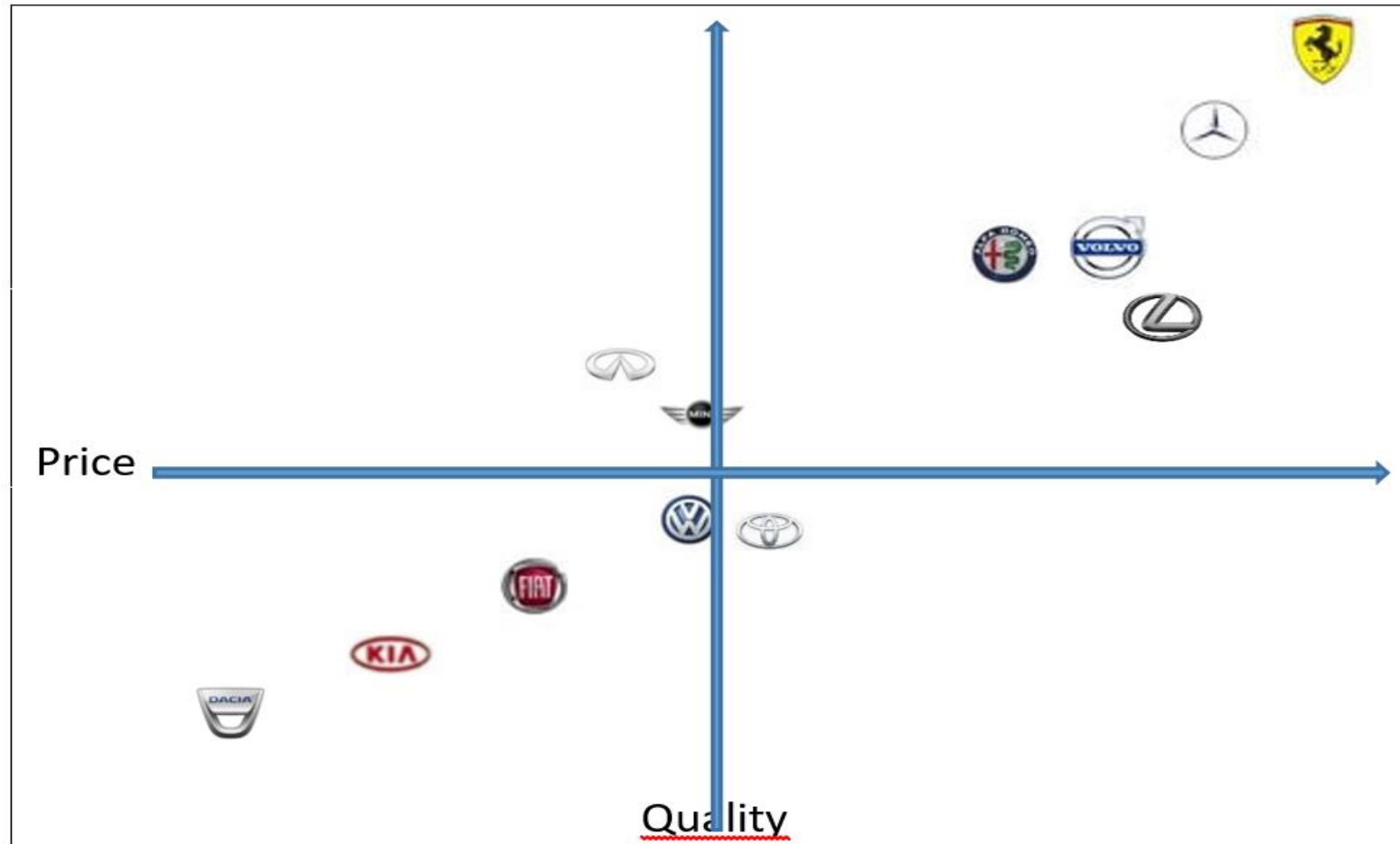
The last analytical moment compares the brand in question with its competitors.

Using the same variables used for the preferences map, a similar map called *perceptual map* is constructed, where the competitors' brands are placed in addition to their own brand.

Perceptual maps show how the consumers perceive the various offers in the market in relation to the selected significant attributes.

6.4 Checking the positioning

Example of a perceptual map with car brands



6.4 Checking the positioning

No positioning or choice of attributes is better than others. In every market and for every type of product there are more or less important factors. The positioning must be consistent with the characteristics of the markets and use the most meaningful factors from the customer's perspective.

The adequacy of the positioning must be verified both when a product is positioned for the first time in the market, and during the life of the product, to ascertain whether there have been changes in the perceptions or preferences of the consumers

6.4 Checking the positioning

The selected positioning may not give the expected results turn out to be no longer correct (due to changes in demand or in the environment)

or no longer effective (due to competitive or company actions).

In these circumstances, it is necessary to decide whether to implement repositioning actions.

Taking into consideration how the consumers perceive the own brand and that of the competitors, *six repositioning strategies* are possible

6.4 Checking the positioning

1. *Change the product.*

The product can be modified by reinforcing the characteristic that is lacking.

2. *Change brand beliefs.*

The process involves perceptual repositioning

3. *Change beliefs about competing brands.*

If the market overestimates some of the characteristics of competitors. It implies the possibility of using comparative advertising

4. *Change the weight of the attributes.*

Convince the market that the characteristic that the brand has is very important

5. *Attract attention to hitherto unknown attributes.*

Create a new benefit, not yet considered by the target segment

6. *Change the level of required attributes.*

Convince the segment that the quality offered is adequate.

6.4 Checking the positioning

Repositioning of the products or the brand is always a risky endeavour

it might create confusion among the consumers and result in

- losing those that were still attracted by the existing offer
- not reaching those who had considered it not adequate to their needs and do not respond to the repositioning effort.

6.5 Positioning in a global environment

Positioning in foreign markets →
usual problems met when going across borders.

International business means operating in different environmental conditions.

- economic conditions,
- institutional frameworks,
- culture,
- laws and regulations

shape the macro-environment, influence all aspects of the management, affect positioning strategies.

6.5 Positioning in a global environment

The international firm operates in less familiar surroundings and encounters many and unfamiliar uncontrollable variables that present diverse and unforeseen risks and require additional attention in the definition and implementation of strategies, including positioning.

Consumers may have different needs and buying behaviour because of

- objective physical and economic conditions
- diverse technological levels
- different attitudes and motivations, shaped by their different culture.

Moreover, the different competitive landscape requires different approaches.

6.5 Positioning in a global environment

When defining its international positioning, the firm should assess

- whether the same product attributes are valued and considered significant in the various cultures,
- whether and in which way the competitive structure differs, and
- whether the perception of the products or brands is the same as in the home market or if it differs and how.

The impact of the country of origin effect and the associated liability of foreignness must be taken into consideration.

6.5 Positioning in a global environment

Many challenges complicate positioning strategy in international markets. It must decide whether

- the positioning should be standardised and uniform across countries
- if it needs to be adapted to local conditions
- if so in which markets this needs to be and how much of a change is necessary
- the points of difference used to make unique its products in the home market should be used also in the foreign markets
- they can be communicated in the same way
- the marketing mix should change to be viable in the different market conditions of the different countries

6.5 Positioning in a global environment

The big problem in defining positioning strategies in an international market:

- how to adapt the positioning to the different conditions of various national markets while maintaining a clear and consistent identity
- how consistent should be its positioning across countries

information flows easily across borders, consumers of any country can see the company's communication for different markets → firms that adopt different, sometimes contradictory, positioning in different countries may weaken their credibility.

national markets present peculiarities and the country of origin effect plays differently in different countries → adjustments to the positioning strategy may be necessary.

6.5 Positioning in a global environment

The marketer must decide whether to adopt a standardised positioning or whether and to what extent to modify the positioning strategy for different countries.

Positioning strategies in international markets are:

Local consumer-culture positioning;

Foreign consumer-culture positioning; and

Global consumer-culture positioning.

6.5 Positioning in a global environment

local consumer-culture positioning

- pays particular attention to blending the product and its communication with the local culture,
- takes into consideration the differences in needs, attitudes and behaviour of consumers in different countries and
- adapts product or communication as necessary for satisfying these needs.

However, these adaptations can compromise the unity of the brand image

6.5 Positioning in a global environment

foreign consumer-culture positioning

highlights the national origin of the product or the brand.

Foreignness is one of the major points of their positioning and relies on a positive country of origin effect.

Conditions:

the country of origin of the company must be perceived positively

the type of product must have a positive connection with that country.

6.5 Positioning in a global environment

global consumer-culture positioning

ignores local peculiarities because the firm considers them as irrelevant for the perception of the product by consumers in any country. This strategy can be successful when

- the differences in needs and in ways to satisfy them across countries do not differ much
- these products (technological goods, consumer durables with a high technological content) tend to have common global performance standards and their users tend to have the same requirements regardless of the country they live in.

6.5 Positioning in a global environment

Not always this positioning is successful, because people belonging to different cultures tend to stick in large part to tastes, values and lifestyles of their own culture, even if when they appear to, and actually do, share some aspects of a global culture.

Better chances of success have those firms that identify **transnational horizontal segments** that transcend the countries' borders →

→ when it is possible to find similar consumers' requirements and consumption patterns, related to specific types of products in different countries.

6.5 Positioning in a global environment

Ultimately, the choice of the positioning strategy in international markets is influenced by various factors such as

- the product category,
- the level of economic development
- the sophistication in a given market,
- the positioning of competitors and in particular
- the presence of strong local competitors.

However, the factor (or, better, the combination of factors) that most importantly weighs on positioning is the peculiarity of each national market that most often requires some adaptation



Reflection

Look at the advertisements of the various products of Ferrero and identify the approaches to positioning for each of them

Analyse the apparel market and identify the positioning strategy of five firms of your choice

Consider five car brands and check whether and to which extent they have adapted their positioning in the European, Latin American and Far Eastern markets



Test

Analyse the market for yoghurts

1. Consider the yoghurt market and draw two perceptual maps using two different combinations of significant attributes.
2. Discuss the relevance of these attributes in different European and Asiatic markets