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1. Learning Outcomes

After studying this module, you would be able to

- Learn how to formulate an effective positioning strategy...
- Identify the need of positioning
- Assess the position of your product/brand in contrast to your rivals product or brand
- Analyze perceptual maps

2. Introduction

The word “*positioning*” was coined by two advertising executives, Al Ries and Jack Trout. They saw it as an imaginative exercise done with an existing product.

“*Positioning is not what you do to a product; it is what you do to the mind of the prospect.*”Ries and Trout¹, (1972)

Positioning is actually the fight for the consumers mind. Each marketer wants to capture a position in the consumer’s mind, which is attained through “*positioning*”. Marketer’s want that the consumer’s mind should immediately think of their offering whenever they would like to purchase of their product type. For example, if we think of noodles, then the first product that comes to our mind is *Maggie* and similarly if think of a fairness cream the first product that our mind recalls is *fair & Lovely* Launching a product to change that respective position of these products in the minds of the consumers is hard. This happens because these brands have been positioned in such a manner that they dominate our minds or in simpler terms, they hold strong positions in our minds.

It is easier to win and influence the consumer’s mindshare, if your market is clearly able to distinguish your product from that of your rivals and acknowledges that, how *you’re offering is special* from that of competitors. As without differentiation, it requires more resources and pains to entice the market to engage with you.

- ***Positioning is about*** the perceptions of the customer regarding your product’s values, features and benefits it is basically an evaluation in contrast to the substitute offered by the rivals.
- ***Competitive Positioning is all about*** defining how the marketer would “*differentiate*” his offer and generate value for the target market. It’s about embossing a mark in the competitive landscape.
- ***Positioning has to be specific***, the more specific, the better will the positioning be.

Kotler has defined has positioning, “as the act of designing the company’s offering and image to occupy a distinctive place in the target market’s mind”².

Thus, Positioning of the product or service is what the customer believes and feels and not what the marketer wants them to believe. The positioning strategy of a marketer can change due the counter measures taken by the rivals.

3. What is the need for Positioning

3.1 Need of Positioning

Competitive positioning strategy is the foundation of your entire business – it’s the first thing you should pin down if you’re launching a new company or product. It’s also important when you’re expanding or looking for a new edge.

It has become important because it is the means by which goods and services can be differentiated from one another and so give reasons to buy. **It encompasses two fundamental elements.**

- A. It concerns with the **physical attributes, the functionality and capability** that a brand offers. For example: mileage of a bike, its design, fuel efficiency etc.
- B. It concerns the **how the brand message or brand is positioned** and **how the consumers perceives the brand in contrast** to the other brands competing in the marketplace.

The marketer further wants his products to be positioned because:

- Marketer wants to build up a strong position of his offer in the consumer’s mindset.
- It is his strategy to grab the unoccupied place in the consumer’s or customer’s mindset.
- Also, to change the position of the rival’s offer in the consumer’s mindset or deposition the competition

Successful positioning is vital in order that customers perceive how each brand is different and the value that each represents.

3.2 How is an effective positioning strategy formulated?

An effective positioning strategy is subjective to:

- **Market profile:** Size, competitors, stage of growth
- **Customer segments:** Groups of prospects with similar wants & needs
- **Competitive analysis:** Strengths, weaknesses, opportunities and threats in the landscape
- **Method for delivering value:** How you deliver value to your target market or target audience to the maximum level.

In order to design a win- win or a successful positioning strategy a marketer must keep the above factors in mind and conduct an well planned analysis of the same before proceeding to formulating a hit and trial strategy. Since, wrong strategies can serious repercussions for the brand as their image gets tied to it and in addition to that it leads to the wastage of substantial resources.

3.2.1 Six Steps to have effective “Positioning”

Jack Trout and Al Ries defined the concept of positioning years ago in their landmark book *“Positioning: The Battle for Your Mind”* (Al Ries and Jack Trout , 2001). **It is thus advisable and prudent to have a clear understanding of your market – demographics, segments, their pains, how well you and your competitors provide solutions, how you truly provide value, and your strengths and weaknesses – before making this decision** which can be achieved through successful consideration and implementation of the following **six steps**:

Step 1: Profile your market

- Document the size of your market, and identify your major competitors and how they’re positioned.
- Evaluate the present stage of your to estimate whether it is in the introductory, growth, mature, or declining stage of its life. This is imperative to know as the **“lifecycle stage”** affects the entire marketing strategy.

Step 2: Segment your market

- Recognize the problems that your market faces. Talking with prospects and, conducting market research if the budget permits. The marketer is expected to uncover the true wants and needs of their target markets– also it will enable the marketer to learn a great deal about what one can deliver to solve their problems and beat the rivals.
- It would be a better strategy to group your potential buyers into **“segments”** or **“personas”** having similar set of problems furthermore using your offer would serve their purpose leading to satisfaction of their needs and wants.

Step 3: Define how you deliver value

- The Company can deliver value to its customers in three mains forms namely;

Operational efficiency (the lowest price),

Product leadership (the best product), or

Customer intimacy (the best solution & service).

Therefore, it depends upon the core competence of the company in which form would it serve its customers or deliver value in the best manner.

Step 4: Evaluate your competition

- With an unbiased outlook the marketer is required to assess his offer in contrast to the the options available to the buyers in the market or in paramount to the competition on parameters such as how satisfied customers are with your product or service or how effectively the competitors are providing solution to the customers for their problems. It basically involves listing your competitors and identifying your position in the market.
- Rating can also be done on the basis of operational efficiency (price), product leadership and customer intimacy.

Step 5: Stake a position

- Evaluate your competitors as well and identify their weak points.
- It is important to identify their weak points because those weak points are major opportunities for you to exploit.
- Then ultimately it is to be decided that how to position your offer or company against competition prevailing in the market.

Step 6: Select the mindshare you want to own, and record your strategy

Discover your core competence for what you want to be known for that is your USP in the future.

Thus, having a dominant place in the market sets out a challenge to the competitors, but one can turn out to be a winner only if a well-defined strategy is followed. Therefore, a win-win strategy is the one which is developed only, after analyzing the moves of the competitors, their products and services, their positioning strategies thereby increasing the probability of winning if the brand is built around it.

Positioning approaches or strategies adds on, to the value of the product offered by the marketer and also adds on value to the image of the company. Consequently, effective marketing positioning strategies must be created in order to create a positive image. The aforesaid approaches can be visualized and enhanced in a number of ways. Altogether all the approaches are distinct from one another, yet each one of them retains the shared aim of projecting a constructive likeness in the psyche of the audience. Thus, there are seven strategies being applied as positioning strategies namely; attribute positioning, use/application positioning, benefit positioning, user positioning, competitor positioning, product class\ category positioning and quality or price based positioning.

Perceptual mapping can be defined as, “a graphic display explaining the perceptions of customers with relation to product characteristics³.”

The position of a product, product line, brand, or company is presented comparative to their opposition. Some of the perceptual charts use circles of different sizes to indicating the sales volume or market share of the various competing products.

KEY POINTS

- Perceptual maps enables the marketers to evaluate where the consumer ranks their business on parameters such as characteristics and in contrast to competing companies.
- It also displays buyers' ideal points actually reflecting their preference or ideal combinations of product characteristics.
- When creating a new product, a marketer should actually identify a space that is still unexplored or unexploited by the competitors and at the same time it has really high preference of buyer desire or in simple terms ideal points.
- It is usually based more upon a marketer's knowledge or experience of an industry in association to market research.

4.1. Perceptual Map of Competing Products

Perceptual maps **commonly have two dimensions** even though they are capable of having several. For example, in the perceptual map given below one can easily observe the perceptions of the buyers for various soft drinks on the **two parameter namely; high in caffeine/low in caffeine and high in sugar/low in sugar**. Thus, the referred buyers were of the opinion that **Pepsi and Coke can be placed jointly** as they were one of the highest in caffeine as well as highest in sugar in the study. The referred buyers recognize important variances amongst the usual besides the no sugar offerings lower than the brands of Coke and Pepsi. They also, believed that due to diverse offerings jointly both Coke and Pepsi in the market acts as a substantial competitive entry barrier for the new entrants, as these two major firms ‘own’ substantial share of the market space. Henceforth, there would be cut throat competition amid the two, but still they in contrast to the other players they are the ones who are the protected ones due their dominant positions in the market, more specifically in the first quadrant of the perceptual map.

One can easily observe the available market gaps which are probably viable, reflecting ample market opportunity for the marketers, especially, in the middle of the perceptual map. Now, talking about the 7- Up and also Fanta which are the non –cola brands, it can be observed from the map that they have been positioned quite well having a clear and distinctive position in the perceptual map.

It can be concluded from the above perceptual map that:

- There exists needs differences amid the preferences of males and females, as female segment have strong inclination or fondness for low sugar products.
- Fanta has been positioned well in the children’s segment, as it can be observed there is absence of strong competitor.

- There is scope of improvement in positioning for 7-Up as it is failing to satisfy the needs of any particular group, this it is required that the product must be positioned close to any particular target market's preference.
- There is ample market opportunity lying in the target market group of age 50+ years and 30-40 years as there is no product offering in particular that is satisfying their needs.
- In the last, we can conclude saying that there is cut throat competition present the young female market segment as there are four strong competitors already competing with each other.

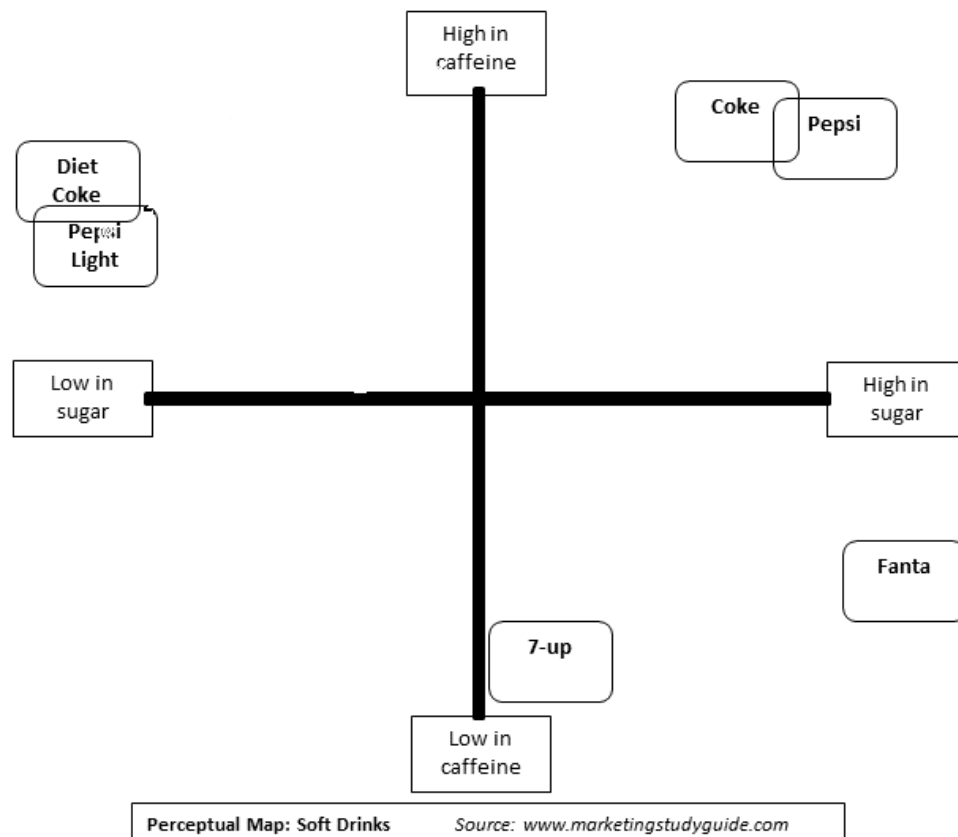


Figure1. Perceptual Mapping of Soft Drinks

4.2 Utility of Positioning Maps

Many of the perceptual maps display buyers' **ideal points**. These points reflect ideal combinations of the two product characteristics as seen by a consumer.

In the figure given below, each dot represents a respondent's idyllic combination of the two dimensions. Regions where there are a group of supreme points (such as A in fig 2) points out a market segment. Whereas areas without the aforesaid, ideal points are at times referred to as **demand voids**.

This enables the marketers to precisely aim their message to buyers based upon their desires i.e. it allows the marketers to track a niche that has basically unmet consumer needs.

Firms use the aforesaid maps basically; to facilitate them in developing a well-planned market positioning strategy for their offering. As these maps are entirely based upon the perceptions of the buyers they are at times referred as **perceptual maps**.

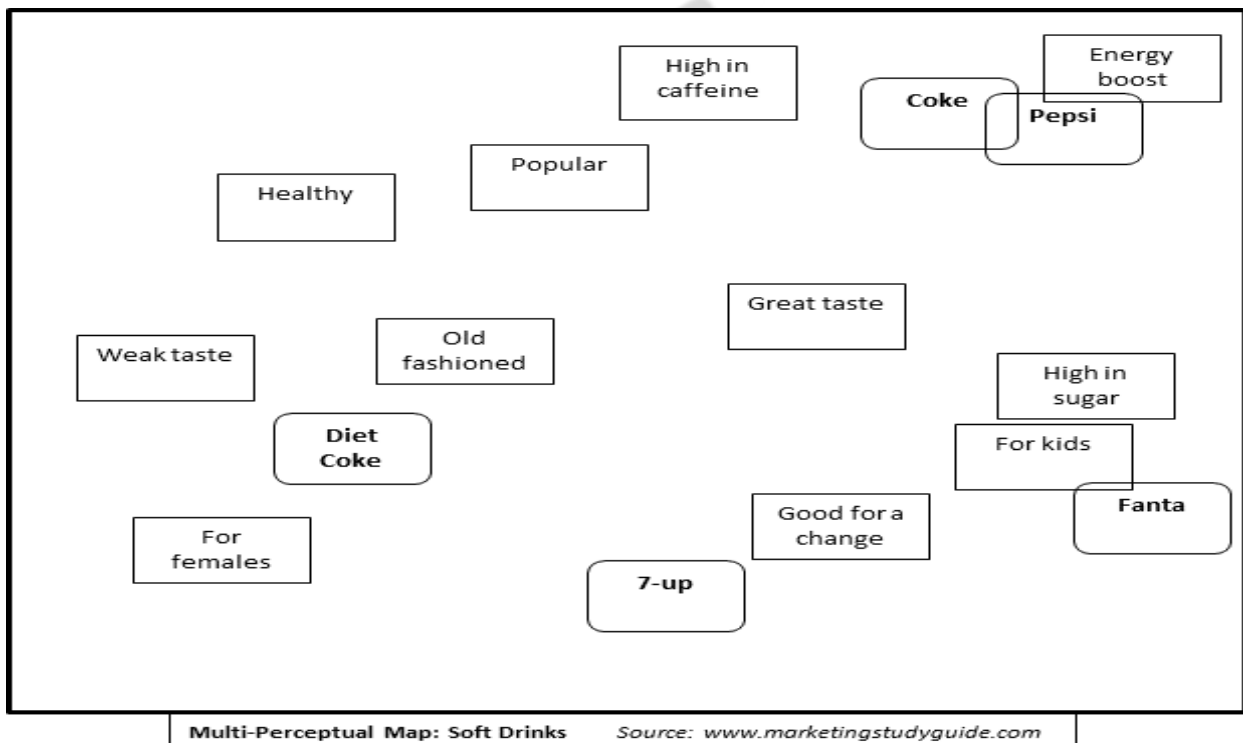


Figure 2. Perceptual Map of Ideal Points

Positioning maps also enables the marketer to locate where the current products and services are positioned in the competition which would further facilitate the marketer to take a well informed decision regarding, in what region they would like to position their product. In this regard the marketer has two alternatives available, firstly the offering can positioned such that it fills the prevailing gap in the market or; secondly, it can also be positioned to race in opposition to their opponents.

Positioning Analysis allows marketers to respond to questions such as:

- Depending upon the buyer opinion, which of the target segments they find the most attractive?
- How should we position our new products with respect to our existing products?
- How do our customers view our brand?
- Which of the competitor's products or brands do our target segments or prospective buyers view as our hard by competitors?
- Which of the product features are dependable for the perceived differentiation amid products?
- In what manner would the transformation in a product's apparent features modify the product's market share?

4.3 Drawing a Perceptual (Positioning) Map

Theoretically a perceptual map can have multiple lines, but in order to keep the things straightforward, they by and large have only two , that is, more commonly known as the x and y axis. The x axis goes left to right and the second that is, the y axis goes from the base to the top. Anything can be measured on the two axis, for example, price, quality, status, features, safety and reliability. Once we are done with the two axis drawn also labeled the current competitive products available in the market would be placed onto the map.

5. Summary

One must not ignore the fact that the perceptual maps are developed entirely on the grounds of buyer's perceptions and this is quiet contradictory; since, a product might be identified as a quality product by one buyer, but the same product in question might not be perceived as a quality product by the other buyer. The aforesaid maps facilitate the marketers to be on familiar terms with how customers analyze their products. On the other hand, perceptions are very subjective, thus the marketers are required to make certain that, the data or the information that is being used to design the map is accurate. If the same is not accurate, the chart would definitely be able to reflect the true picture, thus, influencing the hit of any of the marketing strategy footed on the perceptual (positioning) map. These maps make possible for the marketers to locate void in the market. But prior to fill any of these voids in the prevailing the marketers need to make sure that there is expected to be a demand for the product placed in that gap.

- Positioning is the **upshot of differentiation decisions**. It is the act of designing the company's offering and identity (that will create a planned image) so that they occupy a meaningful and distinct competitive position in the target customer's minds.
- The **outcome of positioning** is the, winning conception of a **market- oriented value proposition**, a rational reason to the question- why the target market should buy the product?
- One of the **chief reasons of positioning** is to make it possible to make an entry in a competitive market, by stressing on some exceptional attributes, benefits and advantages to the end- user with the goal of winning market share (often from selective demand).
- Rather than leaving your market positioning to chance, **establish a strategy**. What you ultimately strive for i.e. **to own mind share of the market**.
- A marketer would be able to provide any of the three or a combination of any two **the best offering, the cheapest offering, or the most comprehensive offering**, but cannot afford all three.

Consequently, sorting out the positioning problem permits the marketer to sort out even the marketing mix hitch. Thus, seizing the “high -quality position” necessitates the marketer to turn out with quality products of high standards, charge a premium price, deal out through high- class dealers, and moreover promote through high ranking quality magazines.

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3. Al Ries and Jack Trout. *Positioning: The Battle for Your Mind*. McGraw Hill Education; 2nd edition, 1 January, 2001.