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B.1 Positioning

EXPLANATION OF THE POSITIONING CONCEPT

Positioning is a key strategic (direction giving) decision that specifies how a product or brand is to compete. The positioning decision incorporates the results of market segmentation and target market selection, thus enabling the marketer to select a means of attaining competitive superiority.

Origin of the Positioning Concept. The positioning concept, although it is still not fully integrated into marketing practice, represents an important development in marketing decision making. By the 1940s, marketers had advanced beyond an institutional approach in making marketing decisions. The institutional approach was mainly concerned with deciding what wholesalers and retailers should be used to get the product to market. In its place, marketers were beginning to use the **marketing mix** concept as a means to design a more complete marketing program. The marketing mix concept suggested that marketing programs should be a blend of marketing efforts and include not only distribution, but also pricing, promotion, personal selling, pricing, and product design. However, finding the right blend of marketing elements was largely a matter of intuition and experience.

In the 1950s, the concept of market segmentation became widely accepted and with it the notion that developing a marketing mix should be *preceded by* selection of a segment of focus or a **target market**. Knowing the needs and problems of target market members gave the marketer guidance in selecting an appropriate marketing mix. The appropriate blend of marketing mix elements would meet the needs of the target market and would thus win consumer acceptance.

The concept of positioning was a direct

outgrowth of this approach to developing a marketing mix. In the late 1950s and early 1960s, marketers, particularly those in consumer packaged goods businesses, came to realize that the process for planning marketing programs had omitted a crucial decision-making variable—competition. A marketer might properly select a target market and then develop a marketing mix to meet the needs of that target market only to fail in the marketplace because a competitor was already perceived as satisfactorily meeting the needs of that target customer group. This suggested a further decision-making step: designing a marketing mix that not only meets the needs of a target market, but does so in a way that is seen as distinctive and hopefully superior to the solution offered by competitors. In this way, the brand will be seen by consumers as occupying a “position” in the market place that is distinctive from competitive positions.

The Sequence of Decisions Leading to Positioning. A look at the historical derivation of positioning is helpful because it suggests the sequence of decisions that leads to a product’s positioning and the use of positioning in formulating the marketing mix. The positioning of a product is the end product of a sequence of decisions: segmentation, target market selection, and positioning, each of which gives direction to marketing mix decisions.

- *Segmentation.* The initial step leading to positioning a product is to segment the market. Segmenting a market means dividing it into subgroups of consumers who are seeking to meet similar needs or solve similar problems. **Segmentation of markets** is considered in GLOSSARY entry B.3.
- *Target Market Selection.* The second step in the sequence of decisions is to select a target market. A target market is the segment of con-

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sumers to which the marketer will direct the marketing mix for the product. The marketing mix will be guided by an understanding of the needs or problems that the target consumers are attempting to satisfy. Criteria for **target market selection** are considered in GLOSSARY entry B.4.

- *Positioning the Product.* The third step of positioning the product builds on the first two steps. It recognizes that in order to be successful, the marketing mix must not only meet consumer needs, but must do so in a way that is superior to what is already available to consumers from competitive products. The positioning decision defines how the marketing mix must be formulated to achieve competitive superiority in the eyes of the target market consumers.

This three-step sequence is, today, formalized as the second stage of the **marketing planning process** (see Chapter 4). The positioning sequence is preceded by the **situation analysis** that provides necessary information for making the positioning decision (see GLOSSARY entry A.17). The positioning decision is followed in the marketing planning process by development of the **marketing mix** (see GLOSSARY entry C.16). The marketing mix is directed by the positioning decision.

Information Required for the Positioning Decision. The positioning decision must be preceded by a situation analysis that provides information necessary for making the decision. Information needed for the positioning decision is summarized below.

- *Segment Characteristics.* The market must be segmented, hopefully by using a causal segmentation base. The segmentation base defines how segment members are similar to one another and helps define their product needs. Positioning requires knowledge of which segment has been chosen as the target market and the characteristics of target market consumers.
- *Product Characteristics.* A thorough understanding of the attributes of the product, particularly those that offer competitive superiority, is essential to positioning. In making the positioning decision, product is defined as extending beyond the physical product to include such other marketing mix characteristics as

advantageous pricing or differentiated distribution methods. Successful positioning of a product is based on these real attributes of the product. While advertising often has the task of communicating the positioning to consumers, product superiority or difference that is wholly a creation of the advertising is likely to be rejected by consumers.

- *Competitive Characteristics.* Since the objective of positioning is to find a way to differentiate the product from competition, it is essential to thoroughly understand the positioning of competitive products. This is usually inferred from a careful analysis of the marketing strategies of the major competitive products. Research techniques are also available that develop perceptual maps showing competitive positions. If available, they are very useful in positioning.

Making the Positioning Decision. The positioning decision is made using information on target market characteristics, product attributes, and competitive positioning. In positioning the product, the search is for an attribute of the product (or other element of the marketing mix) that meets the needs of a selected target segment in such a way as to create competitive distinction and superiority in the eyes of the target market. The competitive superiority should be based on a real attribute of the product.

The positioning decision should result in a succinct positioning statement. It might take this form: Position Product X as offering (benefit) to the (target market) with the competitive superiority of () based on (). This suggests that our final operationalized definition of positioning might be: **Positioning** is the decision that defines marketing mix benefits that will meet the needs of a selected target market in such a way as to create competitive distinction and superiority in the eyes of consumers, based on a real attribute of the product or other element of the marketing mix.

Positioning Alternatives. Because all three of the elements of positioning (benefit, target market, competitive distinction) are variables, the positioning decision can have many outcomes. However, there are some

common forms of positioning that serve as illustrations.

- *Head-On Positioning.* Marketers frequently speak of positioning “against” a major competitor or taking a competitor “head-on.” In such cases, the target market selected and the benefit offered would be the same as those of a leading competitor, with differentiation attempted through features added to the product. Burger King, for example, appears to be positioned head-on against McDonald’s with differentiation attempts based on service levels (“Have it your way . . .”) and menu variation.
- *The Specialty Niche.* Smaller or newer competitors frequently attempt to find a specialized niche within a segment and differentiate themselves as specialists in serving that subgroup. D’Lites, for example, offers low cost, meals-in-a-hurry as does McDonald’s, but they focus their efforts on the subgroup of fast food eaters who are concerned about health and diet. Their differentiated position is based on a menu that features more healthful food items.
- *Preemptive Positioning.* Pioneers in a market or dominant leaders in a market often take what is termed a “preemptive position.” They usually attempt to serve the total target market with broadly defined benefits, ignoring direct competitive comparison while attempting to establish themselves in the consumer’s mind as the gold standard against which other products should be compared. Xerox, for example, has positioned itself in this way in the copier market.
- *Target Segment Shift.* Marketers sometimes attempt to position themselves in a nontraditional segment, sometimes to take advantage of larger market potential or, perhaps, to place themselves in competition with a different set of products over which they perceive some advantage. 7-Up, for example, in its “un-cola” campaign, asked consumers not to consider the product as a member of the mixer or lemon-lime segment, but as a product alternative in the much larger cola segment.

APPLICATION OF THE CONCEPT

Positioning has application in both the marketing planning process, of which it is an integral part, and in making decisions to solve

individual problems with marketing mix elements.

Use in Marketing Planning. A principle use of the positioning decision is to guide formation of the marketing mix during the **marketing planning process** (see Chapter 4). Properly used, it assures that all marketing mix choices are focused on the needs of the same target market and that all the chosen elements of the mix reinforce the competitive distinction of the product. Thus to assure a focused marketing mix, the positioning decision should always be made before formulation of the marketing mix.

The positioning decision makes it possible to carry out the original intent of the marketing mix concept that saw the marketer blend together the many elements of the marketing mix. The positioning decision provides guidance in that blending process. Lacking a positioning decision for guidance, the tendency is to suboptimize by treating each variable in the mix as independent.

The positioning decision also serves to limit the number of marketing mix alternatives that need be considered. One of the difficulties in developing a marketing mix is the extreme number of variables involved. Using the rule of thumb that any marketing mix alternative considered must support the positioning eliminates a great many inappropriate alternatives from consideration.

Repositioning the Product. Although the positioning decision tends to be a long-term one, a changed situation may require a change in positioning. This is termed **repositioning**.

The need for repositioning may occur for a variety of reasons. There is often a need to reposition a product as it moves through the **product life cycle** (see GLOSSARY entry A.15). Competitive attack may require that the product narrow its target market, thus changing its positioning. A new product attribute may be developed, giving the opportunity for a stronger competitive advantage and calling for repositioning. During the maturity stage of the product life cycle, it may become desirable to revitalize the prod-

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uct to reignite growth. This often involves repositioning of the product.

The process for repositioning a product is no different than in the original positioning decision. It should be kept in mind that all the elements of the positioning decision can be manipulated to change the product's position. The market can be resegmented using a different segmentation base, a different target market can be selected, or a different attribute of the product can be selected as a basis for competitive superiority.

Use in Marketing Decision Making. The positioning decision serves in a similar way when decisions have to be made concerning individual elements of the marketing mix. If a problem arises that calls for a change in one of the marketing mix variables, the decision maker should always refer back to the positioning for guidance in developing a solution. Using the positioning permits elimination of many inconsistent alternative solutions and points the way to a decision that is coordinated with other marketing mix elements.

Marketing Mix Applications. Some of the decision areas in which positioning gives guidance are suggested below.

- **Advertising.** The positioning decision not only specifies the target group of consumers toward which advertising is to be directed, but it also specifies the competitive advantage or distinction that is to be communicated to the target market. This usually forms the core of the **advertising copy** (see GLOSSARY entry C.2).
- **Product.** In many, but not all cases, the competitive distinction that positions a product is a feature in its design. Thus the positioning defines the important attribute that must be de-

signed into the product or, if it already exists, preserved in the product. (See GLOSSARY entry C.25 on **product design**.)

- **Distribution.** The positioning decision defines the target consumers who must be reached by the distribution system, thus giving direction to such decisions as **distribution intensity, retailer selection, and direct versus indirect distribution** (see GLOSSARY entries C.12, C.33, and C.10). Furthermore, the competitive distinctiveness of a product's positioning may be based upon its distribution system rather than a feature of product design. Avon's positioning, for example, is based on its door-to-door distribution approach. In such a case, the marketing mix must be blended to focus on and strengthen the distribution distinctiveness.
- **Pricing.** Positioning gives much the same guidance in pricing. By specifying the target consumer, the positioning decision enables the marketer to consider what these consumers are able or willing to pay. By specifying with whom the marketer will be in competition, it directs investigation of competitive pricing, one of the key **price determinants** (see GLOSSARY entry C.21). If price is specified in the positioning as providing the competitive advantage for the product, this must be reflected in the **pricing objective** set for the product so that the price set is supportive of the positioning (see GLOSSARY entry C.23).

SUGGESTIONS FOR FURTHER READING

- AAKER, DAVID A., and J. GARY SHANSBY. "Positioning Your Product." *Business Horizons* (May-June 1980), pp. 34-42.
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