

Getting Piece of Mind

Factors Used to Position Products/Services

Objectives:

- A Explain the purpose of positioning.
- B Describe types of positioning strategies.



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So What?

What do you think when you see:

- A product made by Apple?
- A BMW or a Mercedes speeding by?
- Someone opening a cold can of Mountain Dew?

Believe it or not, marketers have worked very hard to create a certain “position” for each of these products in your mind. They want you to perceive the product in a specific way and to choose it over all other options. It’s called positioning—and it’s a very important part of marketing!

A

Find Your Place

To sell successfully, every product and brand must be properly positioned. **Positioning** is a crucial marketing activity in which marketers design a strategy to give a product or brand a distinct place in customers’ minds. The ultimate goal of positioning is to show customers why a product is unique and different from all its competitors. When it’s done right, positioning:

Demonstrates how a product or brand stands out in the crowd. Let’s say you need a new pair of headphones to use with your laptop or iPod. When you search www.bestbuy.com for options (and there are nearly 700 pairs of over-the-ear headphones to choose from), you learn that you can buy a pair of Sony headphones for \$19.99, a pair of Skullcandy headphones for \$59.99, or a pair of Beats by Dr. Dre headphones for \$299.99. Clearly, there are some huge price and quality differences between these different sets of headphones. Though you might not have \$300 to spend, there’s not much doubt that you would love to buy those Beats headphones because—let’s face it—they’re really cool. This product’s marketers have positioned it this way.



▲ *Why do so many people want Beats by Dr. Dre headphones? Because Beats’ marketers have done a great job of positioning their product—making Beats headphones stand out in the crowd.*

Expresses a product's uniqueness in a memorable way. Having a unique product is a great start—but it's not enough on its own. For positioning to work, marketers must convey this uniqueness in a way that causes customers to perceive the product or brand how marketers want them to. The answer can sometimes be as simple as a well-crafted marketing **slogan**. Check out marketing blogger Suzy Kedzierski's post "The Best Advertising Slogans Ever Written" (<http://marketingcommunicationsink.com/2013/02/10/best-advertising-slogans-ever-written/>). Which slogans do you think are the most memorable? How do they help to reinforce their product or brand's intended position (e.g., high quality, great value, etc.)? What slogans or catch-phrases would you add to this list?

Connects to customers' emotions. Think about some of your favorite products and brands. Why do you love them so much? Maybe every time you pass by a Taco Bell, it makes you smile and think of all the late-night meals you've had there with your friends. Or, perhaps you prefer a certain brand of jeans because you always look and feel your best when you're wearing them. You've connected with these products in a way that involves your feelings, not just your rational thoughts. This is most likely the result of careful positioning. Taco Bell's marketers definitely knew what they were doing when they started promoting the restaurant as the perfect place to pick up your "fourth meal."



Listen Up!

In business-to-business selling situations, it is less important for marketers to appeal to emotions to position products successfully. Business customers tend to make buying decisions based on cut-and-dried criteria such as product specifications or features (which we'll discuss more later on in the LAP). Although business customers might not get emotional over choosing a new color printer or a piece of heavy machinery, it's still extremely important to position industrial products carefully.

Marketers must keep positioning simple to avoid customer confusion. They should choose how they want to position a product or brand and stick to that choice. Changing a product's position too frequently or attempting to showcase too many of its benefits can backfire and cause customers to overlook the product's uniqueness. Consider a fast-food restaurant. Does it want to be known for having the best burgers, for being the best place to take kids, for having the lowest prices? Even if a restaurant's marketers think their product offers all of these benefits, they should choose to focus on just one of them for positioning purposes. Otherwise, customers may miss the message. Will Dylan's article "Even McDonald's Has a Market Position"— <http://www.marketingyours-mallbusiness.com/MarketPositioning2.htm>—explains more about the positioning strategies of some of the biggest fast-food chains.

Hit the target

Have you ever visited an art museum? You might look at a particular painting or sculpture and find it absolutely beautiful. But, the next person who comes along doesn't like it at all. A piece of art will never be "all things to all people"—and neither will a product or brand. That's why marketers determine a specific **target market** to sell to. Everything marketers do, from product design to pricing to distribution to promotion, is done with the target market in mind. This, of course, includes positioning. Marketers aim to position a product within the minds of their target customers, not the minds of the entire public—that would be far too difficult.



Before marketers can start positioning a product, they must thoroughly understand their target customers. What do they want, need, value? How do they evaluate options and make buying decisions? Clothing companies such as Abercrombie & Fitch or Hollister target the “young, cool” crowd, and they position their brands accordingly. It wouldn’t make sense to position these brands as being value brands that are more affordable than other options because the target market is not primarily concerned with saving money.

Gain the advantage

A product’s position is meaningless without considering the competition. No one can stand out in a crowd unless there’s a crowd to stand out in, right? Every positioning strategy should demonstrate a product or brand’s uniqueness and appeal *in relation* to its competitors. A product may have the lowest price, the best quality, the most features, etc. However, none of these positions will make sense without comparison to competing products.

The positioning strategy that marketers create for a product or brand should help the company to gain a competitive advantage. A **competitive advantage** is any “edge” a company has that allows it to create more sales, generate more revenue, retain more customers, etc., than its competition. Perhaps a college or university has been named as the top school in the entire region for pre-med students. Or, a local ice cream shop makes its reputation by creating extraordinary flavors that can’t be found anywhere else. Marketers can use these unique attributes to create positioning strategies that will help these businesses beat out the competition. For more information on competitive advantage, check out <http://www.quickmba.com/strategy/competitive-advantage/>.



- ▲ An ice cream shop might gain a competitive advantage in the market by offering more—or more unusual—flavors than customers can find anywhere else in town. Do any of your local ice cream shops have a competitive advantage? What makes the shop stand out in the crowd?

Summary

Positioning is a crucial marketing activity in which marketers design a strategy to give a product or brand a distinct place in customers' minds. Successful positioning demonstrates how a product or brand stands out in the crowd, expresses the product or brand's uniqueness in a memorable way, and connects to customers' emotions. Marketers must keep positioning simple to avoid customer confusion. Positioning should be geared toward the target market and designed in relation to the competition.

THE GRAY ZONE

Every product or brand's position is created in relation to the competition. In certain circumstances, it's effective to "call out" the competition while promoting this position. For instance, a toothpaste brand might advertise its position as being "preferred over Crest toothpaste by four out of five dentists." The advertisement doesn't explain, however, that the dentists surveyed were all known to prefer the brand before being asked. The results are skewed in the brand's favor. Is this just a normal, accepted part of positioning, or is it unethical? What do you think?

TOTAL RECALL

1. What is positioning?
2. What three things does effective positioning accomplish?
3. Why is it important to keep positioning simple?
4. What is the relationship between positioning and the target market?
5. What is the relationship between positioning and the competition?

How Do You Stack Up?

There are a number of different strategies that marketers might use to position a product or brand. But, no matter which one they choose, it must be based on a **determinant factor**—something the target market really cares about, something that makes a big difference to them. For example, when you go to fill up your car with gas, how concerned are you about the quality of the fuel? You probably assume that most gas stations will provide fuel of about the same quality. Most likely, price is the determinant factor to you and the rest of the target market (as demonstrated by the popularity of mobile apps and websites such as www.gasbuddy.com). It would be a poor strategy, then, for a gas station’s marketers to position its fuel on quality rather than price.



▲ *Careful positioning shows customers why a product is unique and different from all its competitors—and expresses that uniqueness in a memorable way.*

Positioning strategies

Let’s take a look at some of the common strategies that marketers use to position products and brands.

Positioning by product attributes. Marketers often create a position for a product by highlighting the uniqueness of its:

- **Physical form and features**—What does the product look, feel, smell, sound, or taste like? If one of these facets of a product is unique and appealing, marketers may use it for positioning. Yankee Candle, for instance, has found a lot of success by positioning its products as the best-smelling candles on the market.



▲ *Under Armour guarantees the performance and durability of its products. If consumers aren't 100% satisfied with their Under Armour purchases, they can return the gear for a full refund—at any time, and for any reason.*

When it comes to features, customers want to know what function a product performs and how it works. Product features tend to be especially important for business customers. For example, a plant manager may be looking for specific functions when purchasing a new piece of high-tech manufacturing equipment. She may want it to have a feature that allows it to run with or without a human operator.

Marketers must be careful, however, not to rely too heavily on form and features for product positioning. While the physical and functional aspects of a product may be unique, customers are really looking for **benefits**. They make purchases to fulfill their wants, to meet their needs, and to solve their problems. They don't choose a pair of basketball shoes because of the rubber and leather they're made with; they choose the shoes because they're comfortable, because they look good, or because they provide excellent foot stability. All of these are benefits. For more insight on features v. benefits, read Jennifer Bourn's article "Bait the Hook: Market with Benefits, Not Features" at <http://www.bourncreative.com/bait-the-hook-market-with-benefits-not-features>.

- **Performance**—Marketers may choose to position a product based on its superior **performance** (how well it does the job it was designed to do). Whirlpool is a kitchen-appliance brand that has used this strategy successfully. Another example is Under Armour. This brand's athletic gear is intended to hold up well, helping athletes to excel in all types of weather and conditions.

- **Durability**—Another way to position a product may be its **durability** (how long it lasts before needing to be replaced or repaired). This is a strategy that has been used by both Timex watches and Craftsman tools (an interesting company profile for Craftsman can be found here—http://industrytoday.com/article_view.asp?ArticleID=2857).
- **Reliability**—Some products lend themselves to a positioning strategy based on **reliability** (how consistently a product performs over time). Spotty cellphone service that frequently drops calls would *not* be considered reliable. Harley Davidson motorcycles and Zippo lighters, however, are two examples of products that have been positioned on their reliability. Zippo lighters even come with a lifetime guarantee.
- **Repairability**—Ease of repair is an important benefit for many customers. Marketers may choose **repairability** (how simple or inexpensive it is to fix a product) as a positioning strategy. Certain makes of automobiles, for example, build reputations on being more repairable than others. MSN put together a slideshow of the 10 cheapest automobiles to maintain. You can see it here—<http://editorial.autos.msn.com/10-cheapest-cars-to-maintain#1>. Any of the companies on this list might use this positive publicity to support a positioning strategy based on repairability.
- **Manufacturing or creation process**—Some customers are concerned about how a product is made or what it contains. They may want plastic products that are BPA-free (BPA is a chemical that many people consider harmful), or they may want baked goods that are gluten-free. They may look for products that have been produced without being tested on animals or with minimal impact on the environment. If a product is strong in one of these areas, marketers may choose to position it accordingly.



- ▲ *One way to create a position for a product is by highlighting what it does (or doesn't) contain. Gluten-free, sugar-free, low-sodium, and no-fat are all common strategies for positioning foods.*

- **Ease of purchase**—In our online world, competition is as fierce as ever. Many businesses sell competing products online, and it can be difficult to stand out to customers in such a crowded marketplace. Online retailers can set themselves apart by making their processes for ordering, shipping, making returns, etc., as simple as possible. Zappos.com, an online clothing and shoe retailer, is somewhat famous for its generous “free returns” policy. The company’s marketers have certainly positioned it on this strong product attribute.
- **Quick delivery**—Today’s customers want what they want—and they want it *now*. A business that can get its product into customers’ hands faster than the competition may have the foundation for an effective positioning strategy. For example, some products from Amazon.com have same-day delivery. And, Jimmy John’s, a sandwich restaurant, wants its target market to know about its “freaky fast” delivery.
- **Quality**—The idea of **quality** can be difficult to grasp, since it means different things to different people. Quality encompasses most of the product attributes already listed here, including performance and reliability. A top-quality product is something that customers consider “the best.” Brands that have positioned themselves on quality include Apple, Whole Foods Market, and Procter and Gamble.

The logo for Whole Foods Market, featuring the words "WHOLE FOODS" in a large, green, serif font, with "MARKET" in a smaller, green, sans-serif font below it, all enclosed in a green rectangular border.

- ▲ *Whole Foods Market, which has positioned itself on quality, evaluates its products in terms of nutrition, freshness, appearance, and taste.*

Positioning by people (service). Positioning by a product attribute can be very effective, but it's not the only way to rise above the competition. Let's face it—some products are just too similar to stand out on their own (e.g., light bulbs or oil changes). When this is the case, marketers are wise to position the product or brand in terms of the people associated with it. Think about it. You can buy a tank top anywhere, but you might prefer a store you know has polite and helpful sales associates. You can have your brake light repaired at a number of places, but you are loyal to the auto shop that has a reputation for being honest. Service makes a big difference! Here are some important personnel qualities that marketers may be able to use for positioning purposes:

- **Competence**—The employees know the product or brand inside and out.
- **Training**—In addition to knowing the product, the employees understand company policies and are ready and able to assist customers when they need help.
- **Courtesy**—The employees are polite and friendly.
- **Reliability**—The employees are dependable and provide consistently good service.
- **Responsiveness**—The employees respond promptly and helpfully to customer needs, concerns, and requests.
- **Communication**—The employees communicate with customers in a way that enhances their purchasing experiences (e.g., following up on requests, notifying them about new products or sales, sending thank-you cards, etc.).

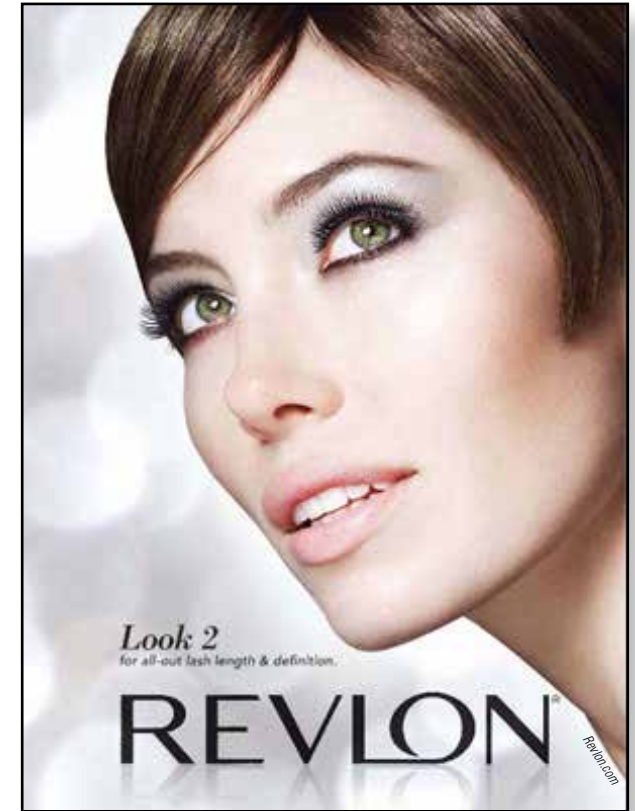


▲ *Where would you rather shop—at a store with rude, uninterested employees or a store with workers who are competent, courteous, and reliable? It's a no-brainer, isn't it?*

Click here to check out MSN's Customer Service Hall of Fame for 2012—<http://money.msn.com/investing/2012-customer-service-hall-of-fame-1>. Have you noticed any of these companies promoting or positioning themselves on the basis of customer service?

Positioning by users. Sometimes, marketers choose to position a product or brand by focusing on the type of person who buys or uses it. This is often the case with luxury products or brands, such as Lexus, TAG Heuer (a watchmaker), and Chanel (a fashion brand). Instead of highlighting product attributes, marketers may show the type of person who uses the product or brand—assuming it's the type of person target customers aspire to be (rich, adventurous, athletic, fashionable, modern, etc.).

Celebrity **endorsements** can be an effective way of positioning a product or brand by user. Customers often want to emulate the athletes, musicians, or actors they admire, so seeing these people use certain products can elevate those products in customers' minds. Think Jessica Biel for Revlon, David Beckham for Adidas, or Katy Perry for Proactiv. Read more about celebrity endorsements at AdWeek.com (<http://www.adweek.com/topic/celebrity-endorsements>).



▲ *Marketers sometimes position a product or brand by focusing on its users. Do celebrity endorsements, such as Jessica Biel's endorsement of Revlon, make you more likely to purchase a certain brand or product? Why?*

Positioning by uses. How a product is used can also provide marketers with a positioning strategy. This approach is especially effective with products that are designed to be used at specific times, at specific locations, or on specific occasions. Gatorade, for instance, is a product you “need” when you’re exercising or playing sports. A Jeep is a vehicle you “need” for off-roading. A new suit or tuxedo is important for prom or a wedding. Can you think of any more examples of positioning by product use?

Positioning by product class. At times, marketers may choose to position using “the big picture.” This means that rather than focusing on the specific product or the brand, they position by product type or class. An example of this strategy may be promoting tea over coffee for customers wanting a hot drink. Tea and coffee are two entirely different products, but they certainly have overlapping target markets. Another example of this type of strategy would be positioning a pool against an amusement park. They are both entertainment options for target customers—different product classes, but still competitors.

Mix it up

Each of the four P’s of marketing—product, promotion, place, and price—can and should be used to support a product or brand’s positioning strategy. Let’s explore this concept further:



Product. No matter what positioning strategy marketers choose, the product simply *must* deliver the benefits the target market wants. Whether that benefit is the convenience of an all-night pharmacy, the status of designer jeans, or the good nutrition of an organic salad mix, the product itself must match up with how it's been positioned. If it doesn't, either the position or the product needs to be altered.

Promotion. Positioning will be successful only if marketers communicate the message to target customers effectively. The product's position should be communicated through every promotional outlet available—advertising, sales promotion, publicity, personal selling, direct marketing, etc. All promotions should be specifically tailored to the target market. Keep in mind that a product's position is relative to the competition. Therefore, it's sometimes helpful for promotions to clearly state that the product is “the lowest price,” “the best quality,” “preferred by more dentists than leading competitors,” etc. (Calling out the competition is sometimes called “offensive marketing.” Read more about it in Amie Marse's article “Five Shocking Ways to Call Out Your Competitors”—<http://socialmediatoday.com/contentmoney/1496256/5-shocking-ways-call-out-your-competitors>).

Place. If a product has been positioned with the target market in mind, it only makes sense for marketers to distribute the product in places that target customers are likely to shop. For instance, marketers wouldn't distribute \$150 Ray-Ban sunglasses through Walmart or Target. Nor would they distribute candy bars at a health-food store. The “place” must line up with the position.



▲ *Amazon.com often calls out the competition, such as Apple's iPad, in advertisements for its kindle tablets.*

Price. Just as a product must be distributed where the target market will find it, it must be priced according to what the target market will pay. If marketers position a product as “the most affordable self-propelled lawnmower on the market,” it should be priced lower than the competition. If marketers position a brand as “the finest jewelry money can buy,” then the products’ prices should reflect that position.

It’s not forever

Once marketers choose a position for a product or brand, they should stick with it. Sometimes, however, it becomes necessary to reposition a product or brand because:

- The competitive environment has changed.
- The company is introducing the product to a foreign market.
- The company has chosen a new target market.
- The product has entered a new stage of its product life cycle.

Repositioning can be difficult, but it is possible. Brands that have repositioned themselves successfully include Old Spice (from an “old man’s” product to a fun, youthful one) and General Electric (from an electricity company to a pioneer in sustainable energy).



Sure, products and brands can be repositioned, but how about entire worlds? Absolutely, according to author and marketing strategist Jack Trout. Before Christopher Columbus came along, many people believed that the world was flat. But, thanks to Columbus and a group of 15th Century scientists, the public came to see that the world is, indeed, round!



Summary

Every positioning strategy should be based on a determinant factor. Some of the common positioning strategies marketers use include positioning by product attributes, positioning by people (service), positioning by users, positioning by uses, and positioning by product class. Each of the four P's of marketing can be used to support a product or brand's positioning strategy. In certain circumstances, it is necessary to reposition a product or brand.

TOTAL RECALL

1. What is a determinant factor, and how does it apply to positioning?
2. What are some common positioning strategies?
3. How can the four P's of marketing be used to assist with positioning?
4. When is it a good idea to reposition a product or brand?

Make It Pay!

Think of three or four products or brands you've used within the past week. Can you determine each one's position? What positioning strategies did the marketers use? Do you think the strategies have been successful?