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E-Content BBA402- Marketing Management

Lecture 14- Positioning Process, Differentiation.

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Positioning

Positioning is a strategic process that marketers use to determine the place or “niche” an offering should occupy in a given market, relative to other customer alternatives

When you position a product or service, you need to understand

- Place
- Rank
- Attitude
- Outcomes

Differentiation

To make a product or service stand out from its competitors in ways that provide unique value to the customer

Identifies a set of characteristics and benefits that make a product different and better for a target audience that:

1. Customers value when they are evaluating choices
2. Competitors cannot easily copy



Positioning vs. Differentiation

Name	Positioning	Differentiators
Wal-Mart	Wide selection of products people want, at the lowest prices	Wide selection; low prices
Target	Trendy, fashionable products at reasonable prices	Continually refreshed, on-trend product selection
Macy's	Preferred "go-to" shopping destination for upscale brands and current fashions.	Broad selection of most-wanted, upscale brands; engaging shopping experience

Steps of the Positioning Process

1. Confirm your understanding of market dynamics
2. Identify your competitive advantages
3. Choose competitive advantages that define your market “niche”
4. Define your positioning strategy
5. Communicate and deliver on the positioning strategy



Step 1: Confirm Your Understanding of Market Dynamics

A firm understanding of your target market and answers to the following questions:

- In which product, service, or market category (also called the “frame of reference”) do you plan to use this positioning?
- Which target segment is your focus for the positioning you are developing?
- What factors do these buyers evaluate when they make a purchasing decision?
- How do these buyers view your competitors in the category?



Step 2: Identify Your Competitive Advantages

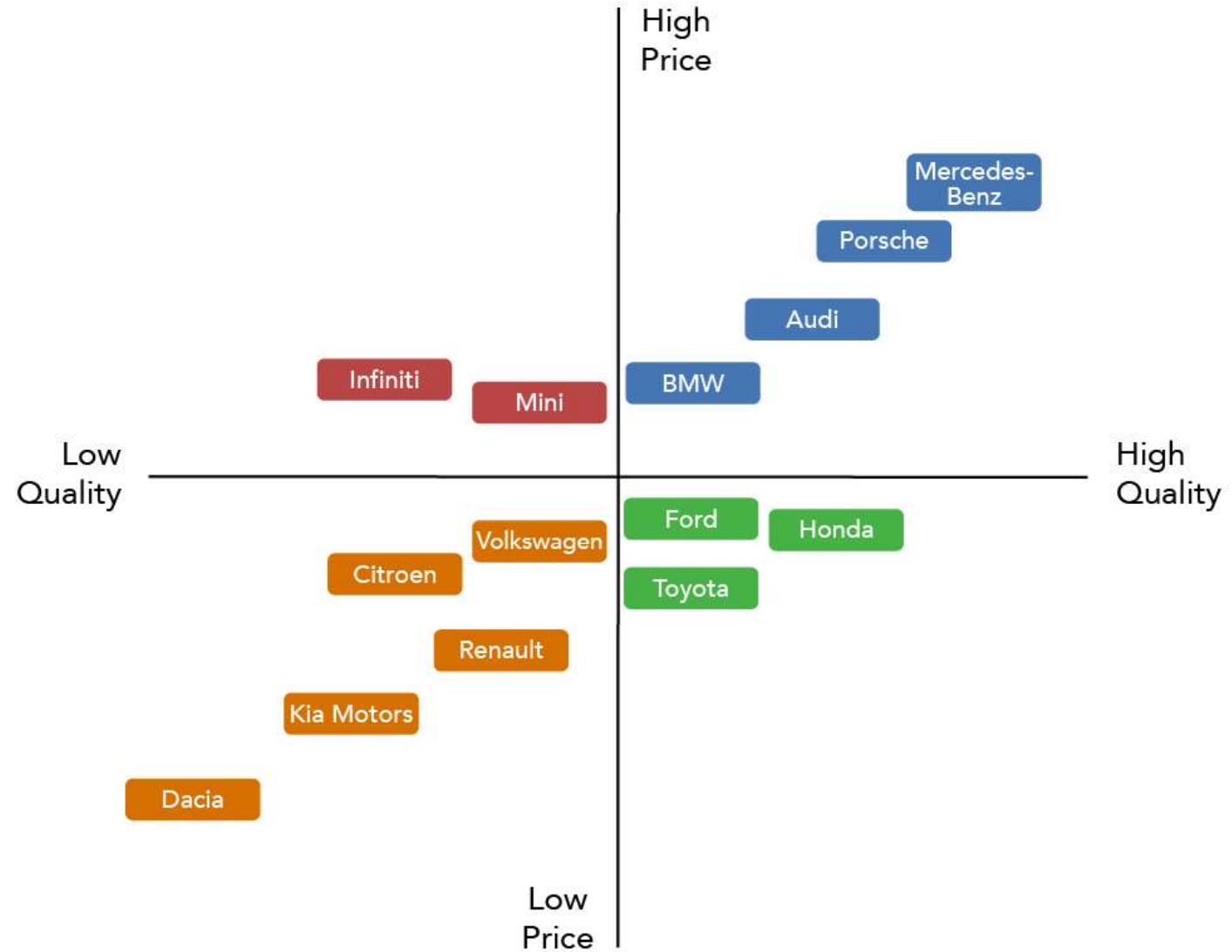
A trait, quality, or capability that allows you to outperform the competition

Gives your product, service, or brand an advantage over others in purchasing decisions

Comes from any or all of the following:

- Price
- Features
- Benefits

Step 3:
Choose Competitive
Advantages That
Define Your Niche



Differentiator	Positioning Strategy	Examples
Category Benefit	Position yourself as “owning” an important benefit and delivering it better than anyone else	Volvo = Safety Hallmark = Caring shared Hawaii = Aloha spirit
Best fit for the Customer	Position yourself as an ideal fit for the customer’s personality, style, and approach	Red Bull = Extreme Guess Jeans = Sexy chic Virgin Atlantic = Ultra cool fun
Business Approach	Position yourself with a distinctive approach to doing business	Jimmy John’s = Unbelievably fast TurboTax = Easy DIY
Anti-Competition	Position yourself as a preferred alternative to the competition	Apple = Think different Seven-Up = The Uncola
Price	Position yourself according to pricing: lowest cost, best value for the money, luxury or premium	Wal-Mart = Lowest prices Old Navy = Affordable fashion
Quality	Position yourself according to a quality standard: high quality or else reliably good quality at a reasonable price	Hearts on Fire = Perfection Ritz Carlton = luxury

Positioning Statement

One sentence that concisely identifies the target market and what you want customers to think about your brand Includes:

- 1) the target market
- 2) the brand name
- 3) the key points of differentiation
- 4) the product/service category
- 5) why customers should believe the positioning claims





Formula for Positioning Statement

To [*target audience*], Product X is the only [*category or frame of reference*] that [*points of differentiation/benefits delivered*] because [*reasons to believe*].

Criteria to Evaluate Positioning Statements

- Is it tailored to the target market?
- Is it simple, focused, and memorable?
- Does it provide an unmistakable picture of your product, service, or brand?
- Can you deliver on the promise you make?
- Does it provide helpful direction for designing the marketing mix and other decisions?



Repositioning



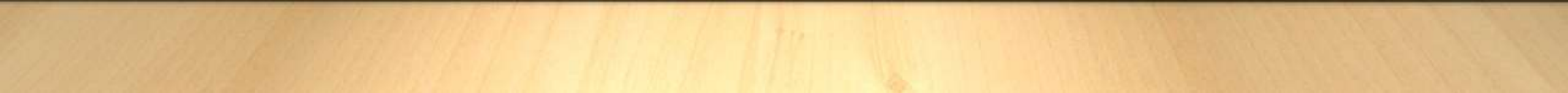


Reasons to Consider Repositioning

Competition

- New competitors entering or leaving the market; competitors joining forces
- Competitor's innovation that threatens to make your offering obsolete; competitive pricing strategies

Market environment

- Economic slow-down or recovery
 - Changes in consumer confidence, the political climate, or social forces like the movement around social responsibility and sustainability
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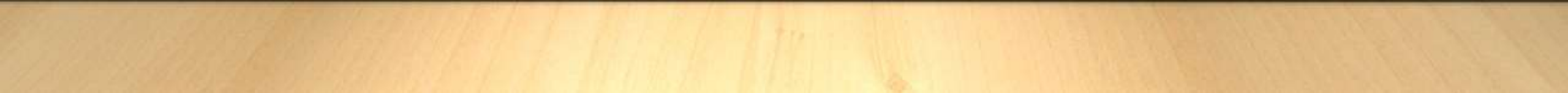


More Reasons to Consider Repositioning

Consumer trends

- Changing tastes and preferences
- Evolving attitudes and behaviors
- New segments emerging as targets

Internal environment

- Changes in organizational leadership and strategy
 - Acquisition or development of new technology
 - Introduction of innovation that offers new competitive advantages and differentiators
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Repositioning and Market Perceptions

The repositioning process evaluates the established position of a product, service, or brand and focuses on how to alter the positioning—and, with positioning, *market perceptions*—in order to improve competitiveness.



Pitfalls of Repositioning

- Insufficient research
- A bridge too far: If brands go too far in a new direction, customers may no longer believe the claims
- Underestimating “back to basics”
- Overpromising
- Confusing positioning

Implementing a Positioning Strategy

- How can each part of the marketing mix fulfill the positioning statement?



Product

- Is your product, service, or brand capable of delivering everything your positioning statement claims?
- Are any competitors doing it better than you?
- How should you adjust your offering to ensure that it lives up to the promises?

Price

- When it comes to pricing, how are you positioning your offering relative to competitors?
- If pricing is part of your positioning strategy, is your offering well aligned with the price you're asking customers to pay?
- What pricing strategies should you consider in order to compete more effectively?



Place

- Are any distribution-related themes like convenience or availability part of your positioning strategy or competitive advantage?
- If so, what are you doing to ensure that you can live up to what you promise?
- How are you communicating your new positioning approach to distribution and channel partners, and how does it impact them?

Promotions

- How are you translating your positioning strategy into communications with your target audiences?
- What behavioral shift are you trying to create as you launch your new positioning?
- What types of campaigns will you use to introduce the new positioning?
- Which communication tools will be most effective at reaching target audiences?
- What are you doing to coordinate marketing messages and activities across different channels?



Measuring Implementation

- Sales/revenue
- Number of new/returning customers
- Average spending per transaction
- Brand/product awareness or perceptions
- Favorability toward product/service/brand
- New leads or inquiries from inside and outside your target segments
- Web site traffic or social media “buzz”
- Media attention
- Customer Satisfaction
- Return on investment for marketing campaigns and other activities



Practice Questions

What is the difference between a feature and a benefit?

Quick Review

- What are positioning and differentiation, and why are they important to marketing a product or service?
- What is the process of selecting a positioning and differentiation strategy?
- How do marketers develop and evaluate positioning statements based on defined criteria?
- How do marketers reposition products or services? What are the associated risks and complexities?
- What is the process of implementing a positioning strategy?