The fine art of positioning

Sound bite or solid marketing?

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There is more to positioning than clever slogans and slick ad campaigns. The entire concept of strategic positioning hinges on doing a better job of serving the chosen market than competitors do.

Despite the wealth of literature published during the last three decades on the topic, positioning is still the subject of much confusion. There is a clear distinction between true market positioning and its logical antecedent—perceptual positioning.

Yet few marketers and strategic planners are familiar with how to make the process work, how one grows out of the other and how both work in tandem to achieve a common marketing goal.

If done properly, the complex process demands the kind of tough, disciplined analysis and planning that strains every data-gathering, organizational and interpretative tool of even the most sophisticated marketing teams. If confusion and errors creep in, however, something that looks like the language of positioning frequently turns out to be just the language of language.

Examples abound. When a company tried to portray its product as "the Cadillac of the industry" (using a premium strategy for something closer to an Edsel), it put the product in deep trouble from day one. Because the product was so grossly misrepresented, it lost credibility quickly and never recovered.

Although a slogan may portray (i.e., communicate an image of) the company or product, it must grow out of valid positioning homework in order to be successful—otherwise, this image is usually more illusion than reality, more hype than honesty.
Clever slogans, slick logos, weighty promises, and synthesized phrases are not sufficient to sell products to customers who have their own reasons to buy. If customers do buy on the basis of some benefit that is promised by promotion but not fulfilled by the product itself, they make the mistake only once.

**The two sides of positioning**

There are two flip sides of the positioning coin. The first side—market positioning—is the process of identifying and selecting a market or segment that represents business potential, targeting vulnerable competitors and devising a strategy to compete. Essentially, the process involves determining the criteria for competitive success—knowing what the market wants and needs, identifying company and competitors' strengths and weaknesses, and assessing abilities to meet market requirements better than a company's competitors do.

Perceptual positioning, the second side of the positioning coin, involves forging a distinctive corporate or product identity closely based on market positioning factors and then using the tools of communication and promotion (e.g., advertising, public relations, Internet social media and networking, point of sale, collateral material, etc.) to move the prospect toward a buying decision. This second type of positioning translates market-determined values into the clear, focused language and visual images that install a product into its own niche in the consumer's mind. And if it's done well, of course, it will also install the product into the consumer's home or workplace.
"Fly the friendly skies," for example, did not just pop into print. United Airlines breathed life into this idea—an abstract idea with the muscle to literally move people—after extensive passenger research suggested friendly service as a way to separate the airline from the crowd.

Success of the idea is now legendary, and that success resulted from the airline's well-designed strategy of integrating market and perceptual positioning.

**Closing in on customers—and closing out competitors!**

Positioning goes well beyond slogans and image-making. Any company that strives to be different merely by looking different is staking its future on a shaky foundation. True positioning is the process of distinguishing a company or product from competitors along real dimensions—benefits or values that are important and meaningful to customers—to become the preferred company or product in a market. Positioning helps customers know the real differences among competing products so that they can choose the one that is of most value and use to them.

To clear up the confusion surrounding positioning, strategic marketers need to understand how the two flip sides of the positioning coin—market positioning and perceptual positioning—work individually and together.

**Market positioning**

The dynamics of market positioning are happening all the time and never in the neat sequence in which they appear below. In reality,
the following steps take place partly sequentially and partly simulta-
neously, always requiring step-by-step review and revision.

1. Analyze market opportunities

The market positioning process begins with developing an attractive
set of relevant opportunities based on corporate purpose, objectives,
and growth strategies. In essence, a market opportunity is an area
in which a company feels it is likely to enjoy a differential advantage
over the competition.

Consider the following hypothetical case. A manager is handling
marketing for a large manufacturer of vinyl products used by the
construction industry. His mission is to identify and evaluate oppor-
tunities in the $3-billion-plus floor-covering market, select a particu-
lar opportunity, and develop a specific positioning strategy for his
company's entry into the market.

The marketing manager begins by determining the sales potential of
the new market, its growth rate, buyers and buying influences
(where they are and when and how they buy), suppliers and supplier
influences, costs to make and sell, prices, profit margins, intensity of
competition, market dynamics, and channels of distribution.

One way to do this is to develop a chart that lists the new market's
critical success factors and provides qualitative and quantitative in-
formation alongside each factor. The factors can be rated low, me-
dium or high.

These factors include market size, marketing growth, barriers to en-
try (scale economies, experience curves, capital, and brand loyalty),
the negotiating power of buyers (size and concentration as well as switching costs), supplier power (the availability of raw materials as well as bargaining power), price sensitivity, environmental factors (economic, social, legal, cyclical and seasonal), and profitability.

2. Select a market and target specific subgroups

Since a market is typically filled with diverse customer groups and needs, segmentation is the next logical step. Subdividing the market into distinct subsets of customers is an important move toward fine-tuning a positioning strategy.

At this point, it is particularly important to examine the needs and preferences of the segment in light of the current competitive offerings and to determine the extent of customer satisfaction and competitor vulnerability. Doing so can make it easier to decide which customers and competitors to go after—and which ones to avoid.

In the floor-covering market example, two logical ways to segment the market are by product (e.g., ceramic tile, brick/stone, and sheet-vinyl) and by purchaser (e.g., residential, institutional, or commercial). If the marketing manager is attracted to the residential sheet-vinyl segment, he can further subdivide that segment into (1) new and replacement floor covering by residential contractors and (2) do-it-yourself (DIY) replacement.

Let’s assume that the manager decides to focus on the DIY market. He then creates a hierarchy of variables that affect a purchase decision in that segment. In this case, research tells him that ease of installation and upkeep are the two most important attributes DIYs look for in sheet-vinyl floor covering. This information enables him to
plot out the DIY's preferences on a product space map, along with the positions of—and share percentages owned by—competitors. He can then use this map to identify which specific customer group within the DIY market his company should target (which market "space" to occupy).

3. Devise a competitive strategy

The entire concept of strategic positioning hinges on doing a better job of serving the chosen market than competitors do. To achieve this, a company must focus primarily on identifying its competitors' weaknesses and capitalizing on its own strengths to differentiate an offer.

- Analyze business strengths. A company that uncompromisingly analyzes business strengths, both its own and those of competitors, is better able to decide whether it is really in a position to seize a market opportunity.

One caution is in order: In any self-audit, there is a real tendency to view the corporation and the outside world myopically. Building a sustainable competitive advantage demands a clear assessment of what a company has to offer relative to what its competitors are offering.

Setting up a matrix is one way to objectify a company's competitive strengths and weaknesses—it is a good indicator of whether any gaps exist between a company and its competition and of how big those gaps are.
The matrix is set up to rank the following business strengths for a company versus each of its competitors on a scale of 1 to 5: market share, profitability, breadth of product/market coverage, corporate profile, financial strength, cost position, product differentiation, relative capability in important areas (i.e., marketing and sales, service, research, and engineering), quality of management, accessibility to markets, distribution advantages, technological factors, company reputation, and likelihood of sustainable competitive advantage (market and competitive responsiveness).

• **Differentiate an offer.** As competition in a market intensifies, products begin to look more and more alike, making it hard for buyers to know that differences exist. Differentiation should be thought of less as a specific product and more as an offer—a benefit bundle or value package involving product, price, service, delivery and the entire mix of a company's supporting capabilities.

Differentiation is possible everywhere and is limited only by a company's ability to use its unique competencies as customer problem-solving tools. If competitive distinction cannot be achieved through a new and innovative product (and many times, this is impossible), the range of other possibilities is endless, including everything from timely response to inquiries to help in design and application, delivery, warranties and return policies, price and payment conditions, service and maintenance, salesperson skill in relationship-building, reordering responsiveness, process technology, or a strong distribution network.
One problem with many differentiation strategies today is inflexibility. These strategies often lack provision for competitive response and, once in place, cannot adapt to a changing marketplace. Since customer needs can evolve or change, companies need to scrutinize the market landscape constantly, assess how their core strengths stack up in meeting changing needs (relative to competitors’) and, if necessary, even change their offer-differentiation-positioning to stay ahead of the competitive pack.

**Perceptual positioning**

Perceptual positioning, the next logical step in the process, grows out of market positioning. The content of market positioning informs perceptual positioning: It is the glue that holds everything together to create an identity, a message, a look. Once market positioning is completed, it is time to call out the copywriters and cut loose the graphic designers.

What a company says about a product and how it says it is the bottom line of perceptual positioning. If the market position is based on a product-quality differentiation, this discernible difference must be conveyed through an integrated, consistent communications strategy involving packaging, brand name, product appearance, advertising, public relations, and various kinds of sales promotion from point-of-purchase displays to special events.

An image of the product begins to emerge from the product name, its look, the packaging, and even the purchase experience—all of which should strive to convey the benefits the consumer derives
from the product. The rest of the communications program completes the picture, strengthening, enhancing and reinforcing that image and message.

Perceptual positioning means selling the product. Its role is to change behavior, to create enough interest in a product to encourage a trial purchase. It is also the underpinning of a communications campaign, the goal of which is to instill in the prospect’s mind a vivid picture of three elements: who the company is, what the product does, and what to expect from the purchase.

**Winning the marketing battle**

A successful communications campaign guides potential customers through a hierarchy of attitudes and effects: Awareness leads to comprehension, comprehension leads to favorable attitude, a favorable attitude leads to interest, interest leads to intention, and intention leads to purchase.

A positioning strategy, in effect, defines the ground on which competitive battles are fought. Winning is a test of how well a company learns the needs of its customers, designs and makes products to fit those needs, communicates all the benefits a customer will derive from using the products, and finally, delivers everything it promises.

When a company does this effectively, it tilts the battle in its favor.