POSITIONING STRATEGIES DEVELOPMENT

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Abstract: *The positioning strategy has suffered serious changes in the last few decades, being influenced by the rapid development of competition and the growing focus on specific traits belonging to the market, to the consumer or to the product. The purpose of this paper is to present the developments of theoretical positioning strategies and the orientation from more simple, product oriented strategies, to ones more oriented towards the client and with a briefer period of time. The world is moving in a much faster pace than in the past, thanks to communication development so companies are obliged to adopt more specific strategies in order for them to be effective. This essay represents a literary review presenting a documentary research within the scientific articles and strategy and positioning books. The paper begins with the analysis of company strategies and the marketing strategies in general. The first author to group the product positioning strategies is Porter with his three generic strategies. Following the development of brands and because of the lack of competitiveness in the simple generic positioning strategies, this paper has also presented the newer positioning strategies proposed by Kotler, Treacy & Wiersema, and also more complex ones such as Bowman's Strategy Clock and Blankson and Kalafatis positioning strategy based on the type of the consumer. The fast expansion of local brands in all categories has led to mistakes in positioning strategies, categories also presented in the current essay. The results of this study show that new positioning strategies are more and more based on the consumer and market segments and on the product specification - which have also evolved in the last decades. Adaptability to fast changes in the competitive market will represent the future positioning strategies.*

Keywords: positioning strategy, positioning, brand strategy, market positioning

JEL classification: M31

1. Introduction

To succeed an optimum positioning on different markets, whether they are geographic, demographic, social or economic, in theory there are several strategies that can be adopted in the positioning policy of a brand. These strategies are adopted according to the objective of the company.

In achieving a strategic planning model, it begins with the first step, to specify a basic framework from which actions will be taken. The most approaches for measuring the strategic planning arise from a "global strategy" or a complex and long-term strategy, versus "incremental perspectives", strategy that grows together with the development of the company. In this respect, researchers developed indicators that analyze how close is the strategy adopted by the company, and by the companies in general, compared to strategy plan from the literature. Boyd et al (1998) shared the common planning model in four steps: specifying goals, strategy generation, strategy evaluation, and results monitoring. (Boyd & Reuning-Elliott, 1998).

In his article Cespedes et al (1996) mentions the importance of achieving a shorter term strategy and its strong influence of a shorter "window of opportunity" due to global competition, rapid development and distribution of technology and information systems now manage to copy with greater ease and speed any successful strategy. Thus, we can say that the competitive advantage is increasingly relying on companies' ability to

effectively achieve and track a series of strategic initiatives, applicable to the company also on the short and highly limited term (Cespedes & Piercy, 1996). Stalk and Hout (1990) mentioned that this strategy generates the increase of the opportunity cost of the company because the strategies based on a short and limited term position the company in a position of advantage over the competition, but the implementation of such strategies can increase costs compared to normal strategies adopted and not related to a limited term (Stalk & Hout, 1990).
The formulation and implementation of term became, therefore, more limited than before and already pronounced involvement is required from the management team to receive the approval to implement the strategy and to establish deadlines for this. In many situations the executive team, whether it is the marketing department or the sales or management department, is different from strategy formulation team, consisting usually of the management team, and, in our case, of the marketing department.
Cespedes et al have analyzed the link between strategy formulation and implementation in terms of the life of the products and their life cycles became lower. The mismatch between strategy formulation and implementation can lead to the loss of the advantage to be the first or the advantage to be the pioneer in the industry. Therefore the organizational and managerial separation of the formulation and of the execution of the marketing strategy has to be made. So each team will have a clear set of processes that have to go and deadlines that have to be respected. It has to be always followed the "formulation-implementation dichotomy" and efforts has to be made to reduce or eliminate it, thus achieving effective results in the implementation the company marketing. (Cespedes & Piercy, 1996).

2. The generic strategy

The basic theory in economics and marketing on the strategy is given by professor Michael Porter, which, in his publication Competitive Strategy in 1980, initiated the era of the three generic strategies in a company. Through these three generic strategies is presented how an organization can reach its customers compared to the competitors. These three main groups of strategies are: cost-rule strategy, differentiation strategy and focus strategy (Porter, 1980).

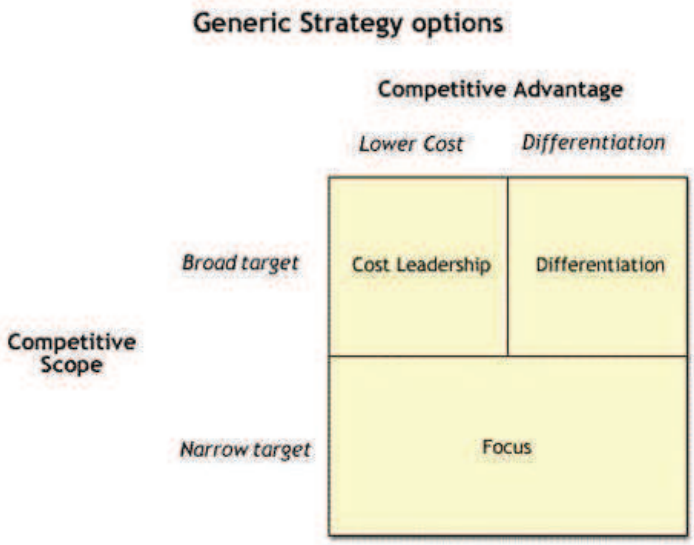

Figure 1: The three generic strategies of Porter
Source: (Porter, 1980, p. 11)

Meanwhile new theories have emerged that develop the basic concept of Porter related to the strategies that can be adopted by a company. Danny Miller explained in his article how adopting only of the generic strategies may damage the competitiveness of the company and how they may be affected due to the adoption of a strategy with many "key gaps". "With all the praise given to the concentration strategy, granting too much attention to the little things can be disastrous for the company. Most products have to satisfy an important market in many ways: with quality, reliability, style, innovation, comfort, service and price". (Miller, 1992, p. 39) If not all the important needs of clients are fulfilled, listed earlier, they will be expelled.
Another danger mentioned in Miller's work is the danger of imitation of the specialized strategies by the competitors. Not the same thing can be said about the mixed strategies. It is much easier to apply and copy strategies that are either of high quality or low price, while other factors are not taken into account. The companies that adopt such strategies are in big disadvantage compared to those who adopt mixed strategies in a way that they are adapted for them and thus become more efficient. The most successful strategies and those that can be copied by competitors in the hardest way are those who adopt and capitalize in the strategy the organizational abilities of several departments within the company: marketing, production, design, distribution and acquisitions. (Miller, 1992) These combined strategies not only provide a protection against the copy of the strategy by the rivals, but are also those most successful for the companies.
In his book Mazzucato (2002) explains how a valuable position in the market will attract competitors to copy the strategy used and the imitation of the strategy can be achieved in two ways:

- The first way is the "Cloning": the competitor positions itself so that has an exactly similar strategy
- The second way is the "Riding": the competitor tries to match the benefits of a successful position while maintaining its existing position. It adds new features, services or technologies to the already performed activities (Mazzucato, 2002)

The adoption of the supremacy strategy by costs is effective when consumers and the target market is very price sensitive and can increase the leadership advantage of the cost through economies of scale, new technologies or unique access to cheap materials and distribution channels. (Miller, 1992)
Also the adoption of the pure differentiation strategy can be applied only when it there is a very insensible market regarding prices, the situations which is valid in the domain of ultra-premium products - watches, cars, luxury houses. This is a pretty narrow target audience and to be able to sell in these markets requires huge investments.

The supremacy strategy by costs is very difficult to achieve. This is even more difficult in the case of emerging countries. We can even take the example of Baak and Boggs in the case of McDonalds when the company accessed the Chinese market for the first time. McDonald's restaurants in the United States and other developed countries focus on the speed of services (distribution economy) and on the supremacy by costs. In China, moreover, McDonald's found that customers were attracted by "clean environment, pleasant ambiance and polite staff", more exactly, the high quality services offered by McDonald's. (Baack & Boggs, 2008, p. 134)

Baak and Boggs (2008) analyzed the reasons why local companies from emerging countries cover consumer needs through locally manufactured products at a lower price than the profit-oriented multinationals. The main reasons resulting from the article are: the consumers' demand, production and/ or distribution economies, preferential access to distribution or manufacturing channels, intellectual property risk, management

focus on cost control and employee productivity, unstable environment, positive unique features. (Baack & Boggs, 2008)
In situations other than those listed above, it is recommended the use of mixed strategies. Danny Miller (1992) recommends these six scenarios (Miller, 1992):
• When consumers are concerned of more characteristics of a product, such as price, quality, ease of use, design and features. These products are usually produced on long-term use such as furniture, home appliances and also short-term products such as packaged food and alcoholic and soft drinks.

- "When competitors can easily imitate pure strategies (eg.: when entry barriers are low, scale economies or learning economies are minimal and the protection of intellectual property are reduced)". (Miller, 1992, p. 40)
- When there is conflict between the achievement of different issues related to strategy and the achievement of a superior quality or of an attractive product at a lower price.
- When consumer preferences and competitors' offers require a wider range of applications and features - this situation applies in more complex industries (eg. technical) and when consumer demands are growing rapidly. This is applicable in the computer industry, the information technology industry and industries available for the public.
- When the company has become too narrowly focused around a single aspect of the strategy and requires greater openness and heterogeneity to remove stagnation (eg. Caterpillar company has diversified both products, services and providers in order to enter on new market segments) (Mylant, 2012) (Min, 2009).
- When the market is mature enough and the differentiation through innovative products or business processes is difficult. In these cases it is easier to differentiate yourself by completely different features than those practiced at the market. (Miller, 1992)

Mazzucato (2002) explains in his book that a sustainable strategic position on the market requires compromises. Choosing a unique position is not sufficient if a company follows a sustainable advantage. Compromises occur when activities are incompatible. Pure and Simple, a compromise means that more than one thing requires less than another. (Mazzucato, 2002).
The period of time that last a positioning strategy should also be taken into account by the marketing department. Mazzucato explains such a strategic position should have a horizon of a decade or more. The continuity favors the improvement of individual activities and fit on activities that allow the organization to build unique capabilities and skills tailored to the company's strategy. The continuity also reinforces the identity of a company. Also a reason for the continuity of the strategy is that frequent changes in position are costly. In these cases the company has to change both individual activities and the realignment of the entire system. Frequent changes in the positioning strategy or not choosing a different positioning right from the beginning inevitably leads to choosing a strategy of unconscious imitation on the whole line and with organizational dissonance. (Mazzucato, 2002)
It was very popular to achieve competitive advantage through lower prices or through offering more perceived value. For many business owners, however, these strategies were too general, and they wanted something with different value and price combinations in more detail.

3. New Positioning strategies
Kotler et al. (1999) presented a series of strategies through which marketing departments adopt these to influence consumers' perception of their products:

• Positioning based on the product attributes: usually this positioning is available at technical products and with complex attributes. (eg.: Duracell batteries that last longer than other batteries; a clear example can be seen on cars - BMW sometimes promotes only certain attributes, whether it is the indoor air conditioning of the stability of the car)
• Positioning based on benefits or needs they satisfy (eg.: Ariel offers the benefit to clean the dirtiest clothes thanks to the micro cleaning system from the product; Colgate provides the protection against cavities and gives a fresh breath)
• Positioning based on usage. This strategy creates a situation or an image that suggests the time when the brand has to be consumed. A very clear example is the advertisement for Kit Kat, with the motto: "Have a break, have a Kit Kat!" Also a strong brand that uses this positioning strategy is Red Bull, which is consumed before practicing sports to provide energy.

Figure 2: Kitkat commercial
Source: http://tech2notify.in/nokia-mocks-about-android-4-4-kitkat-samsung-in-twitter/.

• Position according to the user ("Johnson & Johnson has increased its market share from 3% to 14% just by the repositioning towards a new category of users, not just children, as it was before, but also towards adults who frequently wash themselves and need a gentle shampoo") (Kotler, Armstrong, John, & Wong, 1999, p. 452)
• Positioning based on activity, used primarily to sell expensive products, like Rolex is the official sponsor of the golf events.
• Positioning based on personality. The best known example is the Marlboro brand and the strong male character, the American cowboy. American Express is also associated with the image of the businessmen.
• Positioning based on origin. In this case the association is made with the country of origin of the brand and where it is produced. A clear example we can see in the case of the car manufacturer Opel - ***Wir lieben autos***, indicating the German origin of the brand.

Figure 3: Opel commercial
Source: http://2013-geneva-motor-show.blogspot.ro/2013/02/opel-logo.html.

• Positioning based on another brand. An example here is the campaign conducted by Volkswagen at the acquisition of the Skoda brand. Text of the campaign was: "Volkswagen was so impressed that he bought the company". (Kotler, Armstrong, John & Wong, 1999, p. 453). Thus Skoda won the same confidence that Volkswagen had had before, the dealers reported sales growth of 50 %.
• Positioning based on the competition. This may be of two kinds. The positioning can be:

Figure 4: Whopper commercial
Source: … http://www.thedrum.com/news/2013/03/01/chip-shop-awards-ad-week-what-whopper-horse-it…….

- Similar with the competition, and with quite better ones. In the first category are most brands which are positioned based on the competition. It is famous the situation in the food industry of hamburger brands - campaigns between the Hamburger from McDonald's or the Whopper from Burger King. Whopper promotes in the image below that is 100% from beef.

- Differing from the competition. Also here it is famous the situation of the soft drink Sprite that came to be the third place according to market share positioning itself at: "The Uncola" (The soft drink that is not cola) (Boyd, Walker, & Larroche, 1998, p. 448)

Boyd et al. (1998) proposed in his book seven marketing strategies that are available in most cases of products and brands on the market:
1. Mono-segment type positioning (positioning on one market segment)
2. Multi-segment type positioning (positioning of attracting consumers from more market segments)
3. Waiting positioning (is used to minimize respond time switching from multi-segment to mono-segment positioning)
4. Imitation positioning (positioning similarly and depending on another successful brand on the market).
5. Anticipation positioning (positioning the brand in anticipation or expectation the evolution of needs of a market segment)
6. Adaptive positioning (the brand is repositioned periodically to be in trend with the market evolution and the needs of the watched segment)
7. Defensive positioning (introducing additional brand in the same position for the same segment to defend itself against competitors) (Boyd, Walker, & Larroche, 1998)

Michael Treace and Fred Wiersema (1993) conducted an empirical research through which they have identified market segments and that in any sector there are three branches, which they called value disciplines.
The three value disciplines are: operational excellence, product leadership and strong relationship between the consumer and the company.

• operational excellence - consumers seeking for outstanding performance of the product purchased and not necessarily seeking new or innovative products, just very good performance and with an easy and convenient delivery.
• product leadership - consumers in this product category seeking to be the most advanced in terms of technology and innovation
• strong relationship between consumer and enterprise - consumers in this category are largely interested about the relationship with the supplier of the product, its flexibility and availability in delivery and after-sales services (Treacy & Wiersema, 1993).

Bowman face legatura intre teoria lui Porter si cea a lui Treacy si Wiersema prin faptul că “excelenta operationala” se aseamănă foarte tare cu strategia de cost redus a ui Porter. Acesta de asemenea mentioneaza ca Treacy și Wiersema sunt mai țintiți asupra unui tip de segment prin a deveni ”lider de produs”, proces lrealizat prin inovare și ”relația strânsă cu clientul” prin differentierea fata de concurență cu servicii impecabile.

Bowman associates Porter's and Treacy and Wiersema's theories through the fact that "operational excellence" strategy resembles greatly Porter's low cost strategy. He also mentions that Treacy and Wiersema target the "leading product" as a process of innovation and the "close relationship with the client" by differentiating from competition with impeccable service.

Bowman creates a positioning strategy of his own called the "Bowman's strategy clock" based on the principle of achieving competitive advantage by providing customers with what they want, or need, better or more effectively than competitors.

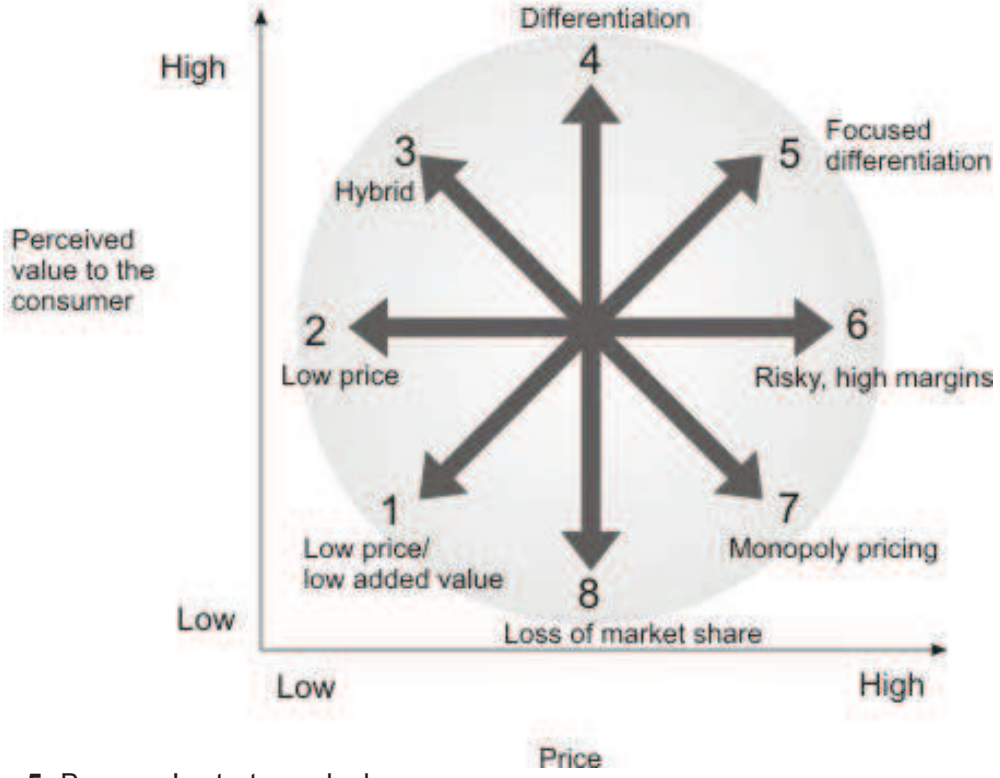

Figure 5: Bowman's strategy clock
Source: (Bowman & Faulkner, 1997)

Positions on the “strategy clock” represent different positions in the market where customers have different requirements in terms of (perceived) value and (monetary) cost considerations. Competitive advantage is achieved through the following positions:

- Positioning 1: Low price, low value added. It is a category in which companies prefer not to position themselves, dominated mainly by products that differ very little one from another. Also here the price is low and the only method by which efficiency can be achieved is by increasing the volumes and the number of new customers. In this category differentiation cannot be achieved, the goal is to reach the customer by any other method than the product features or price (eg.: higher numbers can be reached by a bigger distribution and a strong sales team)
- Positioning 2: Low price. It is a category in which the company relies on the fact that the price sensitivity of the consumer is the most important. This positioning is a difficult for the company because it consists in small margins, high risks of not recovering the costs and unloyal consumers. Also here profits can be achieved only with large volumes and scale economies.
- Positioning 3: Hybrid. Moderately price, high added value. Companies in this category provide high perceived value at a low price compared to the competition. An example of such positioning can be observed when at the discount-type stores, where the products are of medium and high quality, but at lower prices. The relationship between the perceived value and price is seen by the consumer as being correct. In this type of positioning many loyal customers are gained.
- Positioning 4. Differentiation. This positioning provides high quality products and differentiated in a way that the consumer perceives a high added value of the product. In terms of price policy, it can be of two types. In the first situation is a high price is practiced, and customers will consider the price as being in accordance with the offered quality. The second situation is where an average normal price is practiced. In this case the company benefits from the increased market share.
- Positioning 5. Focused differentiation. It offers a very high perceived value for a distinct segment. Of course, meanwhile high prices are practiced, with high margins. Usually this practice is used in the case of ultra-premium products. Some examples of brands using this positioning are: Rolex, Armani, Rolls Royce.
- Positioning 6. High price/ standard added value. This positioning can be practiced by companies only when competition does not take measures in the short term and if it is accepted by the competitors. It is a very profitable category for companies but it is also risky and can lead to loss of a large market share. Usually the adoption of this strategy lasts on a relatively short time, on a normal and competitive market, no to lose the consumers of the product.
- Positioning 7: High price/ low added value. This strategy only works in the case of monopoly. It is impossible to adopt this strategy in a free and competitive market.
- Positioning 8: low value/ standard price. This strategy leads directly to the loss of market share. Products with low perceived added value, and without being differentiated, cannot compete at the market only by the price. If neither the price is right the consumer will not buy the proposed product.

Positionings 6, 7 and 8 are not valid options on competitive markets. The consumer will never choose a product on a free market that gives added value below the paid price.

Blankson and Kalafatis (2001) conducted the first empirical research on the types of positioning based on the typology of consumer or client. They propose eight types of generic factors and strategies to be adopted regarding positioning:

1. Top of the range: upper class, top of the range, prestigious, posh
2. Service: impressive service, personal attention, considers important, friendly people
3. Value for money: reasonable price, value for money, accessibility
4. Reliability: durability, warranty, safety, reliability
5. Attractiveness : aesthetics, attractiveness , elegance
6. Country of origin: patriotism , country of origin
7. Trademark Name: offer name, market leaders, extra features, options, wide range
8. Selectivity: discriminatory, unselective, high principles (Blankson & Kalafatis, 2001)

In business to business marketing, Blankson and Kalafatis have also identified that strategic positioning is much more influenced by other factors than the ones above. They have proposed that competitive position can be achieved with the help of operational (geographical coverage) and experimental (product use) factors to the detriment of the promotion activities. (Blankson & Kalafatis, 2001)

Ries and Trout, the founders of the positioning theory have identified as positioning strategies based on the company's stand in the market in comparison with its competitors. The positions identified are:
1) Market leader
2) Follower
3) Reposition the competition
4) Use the name
5) Line extension (Ries & Trout, 1976)
At the same time Ries and Trout have identified where companies fail to correctly present their advantages due to three main mistakes in their product positioning strategy:
"1 *Confused positioning*, where buyers are unsure of what the organization stands for (refer to the comments below about Gap's misjudgement of the market in 2001)
2 *Over-positioning*, where consumers perceive the organization's products as being expensive and fail to recognize the full breadth and value of the range
3 *Under-positioning*, where the message is simply too vague and consumers have little real idea of what the organization stands for or how it differs from the competition." (Wilson & Gilligan, 2005, p. 356)

4.Conclusions

The market environment has changed a lot since 1980, when Porter has introduced his generic strategies, international brands becoming stronger and competition becoming much more fierce. Development of communication and globalization have liberalized many new markets and have made it easier for companies to enter the industry. Another factor brought by development of communication is the length of strategies. These have become feasible for a shorter period due to the rapid advancements in competition.
To improve this approach new theories of positioning strategies have emerged to better adapt to consumer needs.
On one hand Kotler, Michael Treace and Fred Wiersema, Bowman have adopted product oriented positioning strategies. Kotler followed a product and atributes strategy orientation. Michael Treace and Fred Wiersema (1993) proposed the three value disciplines and Bowman suggested the value strategy clock. On the other hand Boyd, Blankson and Kalafatis, Ries and Trout adopted a market segmentation strategy, based on the products positioning compared to the competition.

The future of positioning strategies will remain based on the above presented theories, but will be more and more based on the consumer segments and will have a shorter time effectiveness. With the development of globalization and communication positioning strategy will have as a decisive factor the adaptability.

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