Positioning and Re-positioning

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"Value is the measure of the worth of an attribute. The fundamental role of a business is to create value. Goods and services that provide benefits are the vehicles that deliver value. Value is intangible but value drives perceptions. Perceptions take place in the mind. Minds search for satisfying value propositions. Markets are built of minds looking for satisfying value propositions" Madanayake et al (2007).

So, what do we market? Goods and services? Not quite, we market value propositions. What then is positioning?

The heart of marketing as we know is positioning. Kotler (2013) asserts that Positioning is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market. As a result of effective positioning, certain brands associate with certain words present in the mind. In the automobile sector for example:

Safety is associated with Volvo – safest car to drive
Prestige is associated with Benz – prestigious car to own
Driving is associated with BMW – ultimate driving machine

The value propositions that have distinctive positioning, as seen from above, perform well above their counterparts. In a previous path breaking paper, I presented the concept of the Positioning Triangle, where three important components create Market Positioning. Market

Positioning is about how the target market positions a value proposition in their mind, influenced through the components of the Positioning Triangle, which are:

Corporate Positioning – Business that produces value
Product Positioning – Vehicle that delivers value
Competitive Positioning – Competitors who offer alternative value

The equation would be:
Corporate Positioning + Product Positioning + Competitive Positioning = Market Positioning

A distinctive positioning strategy through sustainable differentiation is the key to success and longevity of the value proposition.

Determining a Competitive Frame of Reference
The starting point of positioning is by determining a competitive frame of reference. In other words it means, which other brands compete with ours in markets we target and identifying them and thereafter analysing their competitive abilities and competitive advantages by conducting a SWOT analysis. This will provide us an insight into the strengths and weaknesses we possess over them and also understand the opportunities we have and the threats we may encounter.

Exploiting Points of Parity and Points of Difference
We then need to understand the points of parity – POP, of competing brands and also the points of difference – POD, amongst some of them. We first need to match the POP of competing brands by doing so we achieve membership of the category the brands belong to. Should one or more of them have POD we need to match them as well, and when we do so we negate their POD. This enables us to achieve similarity among all competing brands and meeting each brand's POP and POD. Is this sufficient for us to compete?

The answer is an emphatic NO. Why you may ask? When you match your competition you simply become a similar value proposition or a 'me too', which the target market can acquire from any other competing brand. Why should the target market consider yours when you also provide the same as done by the others? If you are satisfied with the bar of soap you are using now and there is a new product offering the same value, why should you change?

But you would, only if you see unique value you WANT that the others cannot offer. This brings us to realise the importance of POD. POD is that unique value you can provide your target market that the others cannot. In summary, we need to match the competitors' POP and POD and create for us a meaningful new and unique POD that the target market wants.

Positioning Strategy

Most of us know how BMW the German car maker entered the automobile market in the US. They observed that the America luxury cars although luxurious, weren't good performance cars. On the contrary, the performance cars weren't luxurious. They made both luxurious and performance cars. Thus, for the luxury cars their POP was luxury and POD was performance, while for performance cars the POP was performance and the POD was luxury. Their slogan 'ultimate driving machine,' and their positioning, 'luxury performance cars,' is a new sub-category in the automobile market.

A positioning strategy is for a new value proposition, for example, when a biscuits manufacturer decided to market a smaller Marie biscuit as a new subcategory of the Marie biscuits category. I saw by consumer research a tremendous opportunity. The larger Marie in the market had 17 biscuits in 100g and the new smaller Marie subcategory had 25 biscuits in 100g. The research showed that the target market for Marie biscuits preferred the smaller new Marie subcategory due to the fact that it had more biscuits in 100g. Hence the strategic positioning was 'more biscuits in 100g'. This initiative was so successful that it even changed their own destiny and that of the market leader at that time.

Re-positioning Strategy

However, as time passes, intensive competition or rivalry in the industry, new entrants, and substitutes will exert relentless pressure on the very strategy that made the value proposition a success. Then the company, which experiences such pressure, must consider how to re-position the value proposition so that it will influence Market Positioning to change accordingly. Change is of paramount importance; we need to match the velocity of change in the external environment with that of our own internal environment.

Re-positioning a Malted Milk

Decades ago when I was a teenager, one thing I noticed when I go to a hospital with my parents to visit a patient was the unmistakable presence of a bottle of XXX brand Malted Milk on the cupboard by the bedside. Most visitors to hospitals took them for patients when they visited. That's how they ended up on the cupboards by the bedside. Much later when I became a fully-fledged marketer, I realised that XXX brand Malted Milk was positioned as a convalescent's drink. The very fact that visitors take them for their patients was pure evidence.

Brand YYY, which was also a Malted Milk, suffered the same fate – also positioned as a convalescent's drink. Decades later the company who markets YYY brand questioned its value proposition. They realised that it essentially provided energy and that all people required replenishing energy. Hence they re-positioned it as an energy drink supported with an aggressive marketing programme that brought unprecedented success for the brand. This initiative also provided them another opportunity of developing a sub-category, a chocolate flavoured Malted Milk which became an instant success under a different brand. This simply demonstrates the importance of re-positioning.

Re-positioning Cooking Oil

In Sri Lanka, I had a similar experience: I accepted a consultancy about a decade ago in a FMCG company. Under their flagship brand, they marketed a range of premium cooking oils such as Palm Olean, Sunflower, Soy, Corn and Canola. When I checked the import figures I was surprised to find that we were the leading importer of bottled premium cooking oil, and hence the market leader by furlongs.

Naturally, I did not hesitate to position the brand as No 1, Premium Cooking Oil in Sri Lanka; to be No 1 is a very strong positioning claim. No sooner I did this, our competition was repositioned to that of a follower or an 'also ran'. We became the leader in the eyes and ears of the target market. Markets prefer No. 1, which ensures them better quality from market leadership.

Re-positioning Competition

Clever marketers at the outset, when launching a product or service, will address the issue of achieving Market Positioning. They may use a mix of strategies such as Product, Corporate and Competitive Positioning. But as time goes on, they may see new competitive initiatives and the need to respond to defend market share. This may need a strategic direction of re-positioning the competition.

Here is a classic episode as stated by Sergio Zyman (2000), the CMO of the Coca Cola Company in his book End of Marketing as we Know it:

"A big stumbling block that kept coming up in research was taste. At Coke, we ran taste tests too and found that Pepsi wasn't lying. In blind tests, consumers also told us that they preferred the taste of Pepsi to Coke, basically because Pepsi is much sweeter. At first try, people would get a smoother taste on a sip-by-sip basis."

He goes on to state: "Over the more than 90 years that Coke had been in business, it had never changed its formula, except to switch sweeteners and make other minor adjustments to reduce costs or reflect availability of ingredients. The goal had always been consistent: to make the modifications without changing the taste."

However, they fell for Pepsi's point of difference of better taste and thought that if they wanted to sell more Coke they should reformulate Coke. He adds, "We had thought that we'd tried everything else, and that consumers were not buying because of taste. In retrospect, I think that may be if we had changed ad agencies and started bombarding consumers with more and more reasons to buy Coke, as we did later, it might have worked. But we didn't."

In the meanwhile Coke was losing market share to Pepsi. Thus they took the decision to research reformulation of Coke. "We gave them samples of various reformulations of Coca-Cola and tested them against the old Coke and also against Pepsi. We also asked them: What would you do if we gave you a product that tasted better than Pepsi, but still was a Coke?" The answer was a positive. But he says "In truth, the only question we really needed to ask was: if we took away Coca-Cola and gave you New Coke, would you accept it?" That they didn't, and that led to the launch of New Coke which was a disaster in that they had to bring back the old Coke due to consumer resistance and rejection.

In only 77 days after the launch of New Coke, they brought back the original as Classic Coke. By this entire saga, Coke learned a bitter lesson but had so much publicity for the Original, and the re-launch of Classic Coke which was not just another Coke, but Classic Coke or the original.

Peter Jennings, the main anchor on the ABC television network, had remarked "Only in America can the return of a soft drink lead the news". Throughout this entire episode one important thing took place: not just Pepsi but all cola marketers who are Coke's competitors were re-positioned as an imitator. Thus knowingly or unknowingly, Coke re-positioned competition purely by the fact that they brought back the old as Coke Classic.

In conclusion, we should always try to seek opportunities not just to position our value propositions as being distinctively different, but try to re-position competition relegating its position in the minds of the target market. It is always important to be ahead of competition. Today, the focus of marketing as a strategic managerial process is not just to satisfy or even delight target markets, but essentially to stay far ahead of direct and indirect competition.

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