

Re-positioning Competition

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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 human 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 – sheer driving pleasure

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, this was also the subject presented by me in the first worldwide webinar of the Canadian Institute of Marketing, where three important components create a Market Positioning. Market positioning is about how the target market positions a value proposition in their own 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. However, as time goes on, 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.

Re-positioning a malted milk

Decades ago when I was a teenager one thing I noticed when I went 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 them. That's how they ended up on the cupboards by the bedside. Many moons 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 took 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 people who were not patients also 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 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.

Reverse Positioning

This is an important positioning strategy. I presented a paper on this strategy recently, illustrating an incident where a company in the confectionery sector reverse positioned a biscuit

used as a snack / bite as an alternative for croutons. Eventually they got more sales from this initiative than selling the product as a snack / bite.

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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 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 maybe, 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 in that there was 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.

Here 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 naturally 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 had 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.

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 the 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.

References:

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