Brand positioning

By Chuck Chakrapani

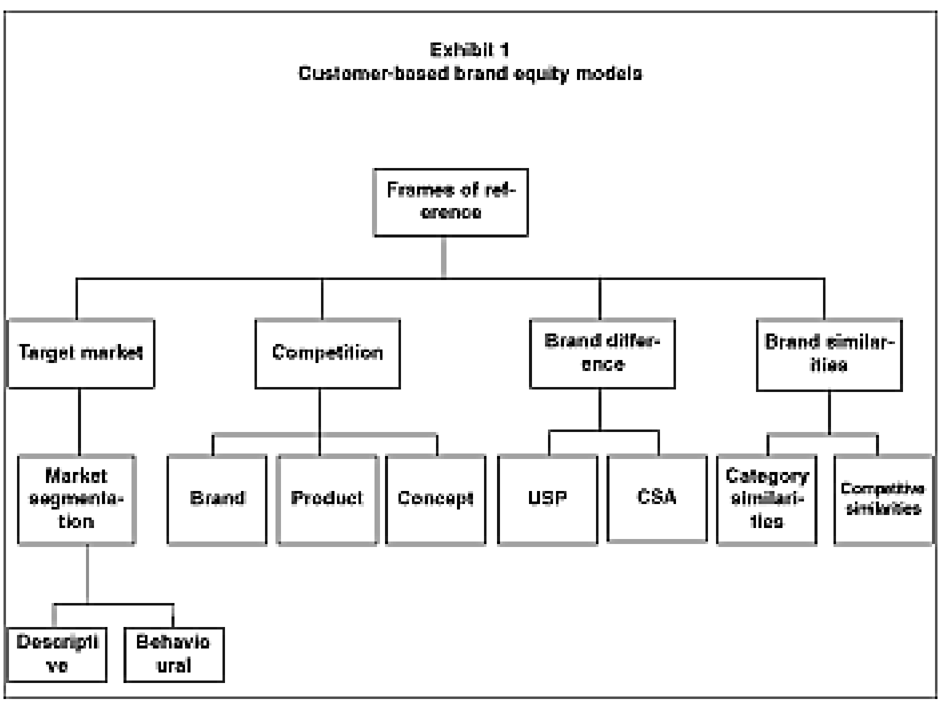
It is hard to believe, but this is the 100th article in this series dealing with the application of marketing research to marketing problems. When I began writing this series over 10 years ago, I did not anticipate that I would still be writing it now. However, the support of successive Imprints editors as well as your letters and phone calls, encouraged me to continue writing. I wish to thank Joanne McNeish, current Imprints editor, for her encouragement as well as my professional colleagues for your comments, questions criticisms, and clarifications.

Chuck Chakrapani

Targeted associations and positioning
In the previous article, we dealt with brand associations as they exist at any given point in time. But what interests a marketer even more is the creation of desirable brand associations in consumers' mind. This is generally known as 'brand positioning'. It is the act of finding a 'position' in the consumers' mind, a battle for a share of the target consumers' minds.

Creating a brand positioning involves determining a frame of reference. The frame of reference is determined by four factors: (a) identifying the target market; (b) determining the characteristics of competition in this target market; (c) identifying the differences between our brand and the competition; and (d) identifying similarities between our brand and the competition.

We will discuss these four aspects in greater detail.



The target market
Different consumers have different brand associations: what they know about the brand, what they think about a brand and what image they have of a brand. Such associations influence brand preferences. For this reason, it is

important to identify the group of consumers we want to have as our customers and who seem most receptive to our intended positioning.

If we define a *market* as a collection of all current and potential buyers, then we would assume that the market is a collection of individuals with sufficient income, opportunity, ability and motivation to buy the product. But reaching the market is not easy because consumers in the market are not homogeneous in terms of their needs and motivations.

Segmenting the market

One way to reach consumers in a cost-efficient manner is to segment the market such that we identify consumers with similar needs and behaviour.

Exhibit 2
Seven Segmentation Bases

1. Psycholgraphic/lifestyle attributes
2. Product benefits
3. Product usage
4. Socioeconomic characteristics
5. Geodemographic characteristics
6. Demographic characteristics
7. Geographic characteristics

Market segmentation allows a marketer to reach a group of consumers who are most open to the marketing message - the positioning of the firm. This makes market segmentation highly cost-effective (assuming it is done right). Segmentation can be carried out in several ways. Some of the most frequently used segmentation approaches are:

- Psychographic/lifestyle attributes
- Product benefits
- Product usage
- Socioeconomic characteristics
- Geodemographic characteristics
- Demographic characteristics
- Geographic characteristics

Behavioural vs. descriptive segmentation

All segmentation approaches can broadly be divided into two groups: *what a customer is* (e.g., demographic characteristics, socioeconomic characteristics) and *what a consumer does* (or thinks or feels, e.g., psychographics, product usage, or expected product benefits).

What a consumer is is referred to as descriptive segmentation and *what* a consumer does is referred to as behavioural segmentation.

Segmentation in many industries, such as banking and insurance, has been descriptive in nature. Many financial institutions have, until recently, defined their market segments purely in terms of demographic characteristics.

However, behaviour is most relevant for branding. Segmentation based on factors such as product benefits, product usage, and lifestyles is more likely than other types of segmentation to relate to brand image and brand positioning.

In fact, even when the market is segmented in terms of descriptive attributes, the underlying assumption is that these descriptive attributes are in some way related to behavioural characteristics.

For instance, when marketers target sales of luxury automobiles to consumers living in exclusive neighbourhoods, they assume that people who are wealthy and live in exclusive neighbourhoods have a higher *need* of (in addition to the ability to afford) luxury items.

Characteristics of competition
Once we have defined our target market, we then need to identify our competition.

Three levels of competition
When we think of competition we generally think of competition from similar brands. However, competition can exist at three different levels.

The first is, of course, the brand level: this level consists of brands that are similar to ours, brands that are targeted at the same consumer group.

The second level of competition is the *product level* . At this level, the competition is not from brands but from products that serve the same need. The apparent characteristics of competing products may be very different from ours, but they aim to capture the same market. For instance, the competition for a financial magazine may be financial websites on the internet which aim to provide the same information to the investor. Movie theatres being challenged by video rental outlets is another example of product level competition.

The third level of competition is at the *concept level* . Competition at the concept level is often ignored by marketers because it is less obvious than other levels of competition. Competition at the concept level occurs when dissimilar products compete for the same consumer. For instance, a consumer may want to decide how to spend his or her discretionary income: invest in a mutual fund, go on an expensive cruise or buy a new car. Mutual funds, cruises and automobiles are not related products but they are all, in this instance, associated with alternative ways of spending discretionary income.

When deciding on the structure of competition, it is useful to take into account all three levels of competition. While the fiercest short-term competition is apparently at the brand level, competition at the product level can have serious implications for a brand. Firms with vision tend to anticipate product level competition and position themselves to compete. For instance, a financial magazine which is challenged by financial websites may create its own website.

Identifying brand differences
Brand differences refers to associations that are unique to a brand. Such associations can be of any type: brand attribute, brand benefit or consumer attitudes towards a brand. In general, *the more abstract the evaluation, the more its contribution* to brand equity. For instance, the association 'exclusive' is likely to contribute more to the brand equity of a car than the association

'expensive'.

Consequently, sometimes brands attempt to create higher order (abstract) associations such as *product of unparellelled quality or the most reliable product on the market* . However, this approach may not work if it is not supported by concrete factors that sustain the abstraction association.

When a brand differs from others in a desirable way and distinct way, then the brand is said to have a unique selling proposition (USP) - an attribute or combination of attributes that is unique to the brand and which is also desired by consumers.

When USP is enduring, then it can lead to sustainable competitive advantage (SCA). While SCA can be the result of many other factors (such as marketing practices and business strategies), enduring USPs can contribute considerably to SCA.

Identifying brand similarities
Brand similarities are perceptions about a brand that are not unique to it. Brand similarities are of two types: *category similarity and competitive similarity.*

Category similarities
Category similarities refer to associations that can be considered 'brand credentials'. They refer to positive associations that are shared by all brands in a given category. As such, they are 'cost-of-entry' attributes.

For instance, a large financial institution might be perceived to offer 'a wide variety of services'. This is, in general, a positive association for the financial institution. However, this characteristic is shared by other major financial institutions as well. So, it is in fact a cost-of-entry attribute - its presence may not be a key factor in attracting a customer but its absence may prevent customers from using the institution.

Competitive similarities
Competitive similarities are associations created to nullify advantages held by competitors. For instance, ABC brand may have the association of being the lowest priced quality computer on the market. Competitor XYZ can lower their price enough to make ABC's low price association a fairly insignificant advantage.

To achieve this, XYZ does not have to match ABC's price. In fact, the marketer may not want XYZ to be perceived as a low cost product. This can generally be achieved by making the price differential too small for ABC to have any strong association with price.

Multiple frames of reference . A brand may choose to compete in different categories. For instance, an automobile can compete in categories such as:

- sports cars
- attractively priced cars

In each such category, the car will face a different set of competitors. To retain its competitive advantage, the manufacturer may emphasize the sportiness of the car when competing with moderately priced cars and its moderate price when competing with other sports cars.

Favourable and deliverable . Competitive similarities should be favourable and, from a consumer perspective, deliverable. However, deliverability is achieved more easily when the association is a tangible attribute. The Federal Express claim of next day delivery is a tangible benefit which can be verified. The same is not true of the benefit, glamour. Deliverability is sustained by the actual delivery in case of tangibles and by a combination of tangibles and imagery in the case of intangibles.

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