Theoretical Aspects of Product Positioning in the Market

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The article consists of fourteen parts, starting with the introduction where the novelty, the problem of the research, the object of the research, the purpose of the research and the research methods are described. The purpose of the article is systemization and thorough description of the knowledge and information (found in a large number of sources) about the positioning concept, its position in the STP model, coherent description of the product positioning process steps as recommendations for successful product positioning process accomplishment. It is obvious that to be successful a product must occupy an explicit, distinct, and proper place, in the minds of potential and existing consumers, relative to other rival products on the market. Product positioning is the tool to achieve the above mentioned result. The article analyses how the product should be positioned on the market.


The third part defines the basement of product positioning process – the STP model, which includes the following parts: segmentation, targeting and positioning.

The fourth part describes product positioning steps, interpreted by different scholars. There are two samples of product positioning process given (by Hooley (2004) and Hutt, Spech (2004)) and a model created by the authors of this article.

The seventh part, identification and analysis of competitive products in the market, describes the best means how to distinguish competitive products, different levels of competition.

The eighth part, identification of determinant attributes and measuring their significance to the user, reveals the techniques for selection of determinant attributes and criteria for successful determinant attributes.

The ninth part, identification of current position of the product and other competing products according to determinant attributes, shows possible ways of carrying out this product positioning process stage.

The tenth part, composition of the positioning map, reveals the process of their creation and provides reasons why it is such a powerful tool for examining the positions of products.

The eleventh part, the determination of the desired position of the product, speaks about the ideal position of a product and where companies want to position their products (the desired position).

The twelfth paragraph, called the selection of positioning or repositioning strategy, reveals possible positioning strategies proposed by various authors, repositioning strategies, presented by Doyle, Stern (2006), possible reasons of inadequate positioning.

The thirteenth part, creation of the positioning statement, discusses the three models of creation of product positioning statement: X-Y-Z model, I-D-U model, and a-b-e model.

The last part consists of conclusions on theoretical studies of product positioning process.

Keywords: product positioning, product positioning steps, determinant attributes, positioning map, positioning and repositioning strategy, positioning statement.

Introduction

The novelty: There is no product in the world that does not have a position. Product positioning is about visibility and recognition and what product represents for a buyer. In markets where the intensiveness of rivalry and competition are increasing and buyers have a greater choice, identification, and understanding of a product’s intrinsic values become critical. An offering with a clear identity and orientation to a particular target segment’s needs will not only be purchased, but can warrant a larger margin through increased added value. Numerous organizations are trying to manage their positions occupied by their products and are using different positioning strategies to move to new positions in consumers minds and so generate an advantage over their competitors. Earlier positioning was very important in markets that are very competitive and where mobility barriers are relatively low. Nowadays these market characteristics can be applied almost to every industry or business, and to any economy. No product, of those which have survived, can be imagined without clear, distinct and intensive positioning.

The problem of the research: It is vivid, that for a successful product in the market good quality and well-known brand are not enough. The product must occupy an explicit, distinct, and proper place, in the minds of potential and existing consumers, relative to other rival products on the market. Reaching (or not reaching) that desirable position in the minds of consumers is the result of successful (or not successful) positioning. The article
analyses how the product should be positioned on the market.

The object of the research: product positioning in the market.

Purpose of the research: to systemize and thoroughly describe the knowledge and information (found in a large number of sources) about the positioning concept, its position in the STP model, coherently describe the product positioning process steps as recommendations for successful product positioning process accomplishment.

Research methods used: Conducting theoretical studies of positioning in the market, the method of comparative analysis and systematization of scientific literature were used.

Concept of product positioning

There is a great number of different definitions of positioning in scientific literature of marketing. The concept of positioning seeks to place a product in a certain “position” in the minds of perspective buyers. Marketers use a positioning strategy to distinguish their firm’s offerings from those of competitors and to create promotions that communicate the desired position. Boone and Kurz (2001)

Scientists Etzel, Walker and Stanton (1997) refer to marketing as to management’s ability to bring attention to a product and to differentiate (position) it in a favorable way from similar products.

Ries and Trout (1986) distinguish from all other marketing theoretics, stating that positioning is not what is done to a product. Positioning is what you do to the mind of the prospect. The same authors indicate that positioning starts with a product. A piece of merchandise, a service, a company, an institution, or even a person. However, Kotler (2006) defines positioning as the act of designing the company’s offer so, that it occupies a distinct and valued position in the target consumers mind. Scholars Kotler, Armstrong (2006) verify that market positioning is arranging for a product to occupy a clear, distinctive, and desirable place, in the minds of target consumers, relative to competing products. Thus, marketers plan positions that distinguish their products from competing products and give them the greatest strategic advantage in their target markets.

The purpose of positioning is to create a unique and favorable image in the minds of target customers, Bhat (1998). The author Fill (2006) states, that positioning, therefore, is the natural conclusion to the sequence of activities that constitute a core part of the marketing strategy. Market segmentation and target marketing are prerequisites to successful positioning.

Product positioning refers to the decisions and activities intended to create and maintain a certain concept of the firm’s product in the customers minds (Ferrel, 1997).

Positioning is developing a specific marketing mix to influence potential customers’ overall perception of a brand, product line, or organization in general (Lamb, Hair, McDaniel 2004)

To sum up, the position of a product is customers’ perceptions of a products attributes relative to the attributes of competitive products. Buyers make a large number of purchase decisions every day. To avoid constant reevaluation of numerous products, buyers tend to group, or “position” products in their minds to simplify buying decisions. Rather than allowing customers to position products independently, marketers must try to influence and shape consumers’ perceptions of different products.

The steps of STP model

The foundation of positioning theory is made of one of the most important postulates of the science of marketing. It states that “people are extremely diverse and that a product cannot be liked equally by everyone”. Referring to the postulate it is simple to define the essence of the STP model: to present the product to those consumers, who want it and are able to acquire it. The first two steps of the STP model serve to find and define the desired consumer, and positioning serves for placing the product in the desirable position in the minds of target consumers. Scholars Grancutt, Leadley and Forsyth (2004) thoroughly describe the STP model steps in the table below

<table>
<thead>
<tr>
<th>Table 1</th>
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<tbody>
<tr>
<td>The STP model steps</td>
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<tr>
<td><strong>Segmentation</strong></td>
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<tr>
<td>* Choose variables for segmenting market</td>
</tr>
<tr>
<td>* Build a profile of the segments (sub-segments)</td>
</tr>
<tr>
<td>* Validate emerging segments</td>
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<tr>
<td><strong>Targeting</strong></td>
</tr>
<tr>
<td>* Decide on targeting strategy</td>
</tr>
<tr>
<td>* Identify which and how many segments should be targeted</td>
</tr>
<tr>
<td><strong>Positioning</strong></td>
</tr>
<tr>
<td>* Understand consumer perceptions</td>
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<tr>
<td>* Position products in the mind of the consumer</td>
</tr>
<tr>
<td>* Design appropriate marketing mix to communicate positioning</td>
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Source: Grancutt, Leadley, Forsyth (2004)

Product positioning steps

Scholar Winner (2007) has a distinct view on product positioning decisions; he emphasizes customer decision making process as the most important issue in product positioning steps. According to the scientist, marketers have to answer the following questions when positioning the product

- What dimensions do consumers use to evaluate product offerings in the industry or category?
- How important is each of these dimensions in the decision making process?
- How do you and competition compare on the dimensions?
- What decision processes do the customers use?

The author Hooley (2001) determines these stages of product positioning process:
Scientists Hutt, Spech (2004) suggest the following steps in the product positioning process:

**Table 2**

<table>
<thead>
<tr>
<th>Product positioning steps</th>
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<tbody>
<tr>
<td>Identification of competitors</td>
</tr>
<tr>
<td>Singling out decision making attributes</td>
</tr>
<tr>
<td>Evaluation out of decision making attribute significance</td>
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<tr>
<td>Identification of competitor position according to the most important attributes</td>
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<tr>
<td>Identification of consumer needs</td>
</tr>
<tr>
<td>Preparation of a consumer map</td>
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<tr>
<td>Selection of the desired position</td>
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<tr>
<td>Selection of positioning strategy</td>
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</table>

Source: Grancutt, Leadley, Forsyth (2004)

**Table 3**

<table>
<thead>
<tr>
<th>Product positioning steps</th>
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<tbody>
<tr>
<td>Identify the relevant set of competitive products</td>
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<tr>
<td>Identify the set of determinant attributes that customers use to differentiate among options and determine the preferred choice</td>
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<tr>
<td>Collect information from a sample of existing and potential customers concerning their ratings of each product on the determinant attributes</td>
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<tr>
<td>Determine the product’s current position versus competing offerings for each market segment</td>
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<tr>
<td>Examine the fit between preferences of market segments and current position of product</td>
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<tr>
<td>Select positioning or repositioning strategy</td>
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</table>


**Table 4**

<table>
<thead>
<tr>
<th>Product positioning steps</th>
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<tr>
<td>Identify and analyze competitive products in the market</td>
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<tr>
<td>Identify the determinant attributes and measure their significance to the user</td>
</tr>
<tr>
<td>Identify the current position of the product and other competing products according to determinant attributes</td>
</tr>
<tr>
<td>Compose the positioning map</td>
</tr>
<tr>
<td>Determine the desired position of the product</td>
</tr>
<tr>
<td>Select positioning or repositioning strategy</td>
</tr>
<tr>
<td>Create the positioning statement</td>
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</table>

Identification and analysis of competitive products in the market

Drawing positioning frames for a product, category membership should be determined first, i.e. other products that compete in the same market and can serve as substitutes. The best considered means for determination is quantitative approach – consumer survey. This method allows collecting a large amount of useful data, which is easily systemized, adapted, processed statistically. One of the main advantages of consumer survey is the anonymousness. Deep interview can be also used to determine the rival products in the market, but due to larger time and financial costs is used seldom. Scientists Hooley, Saunders, Piery (2006) state that competition can take place in the following levels:

- Competition with products with analogous qualities
- Competition in the same product group
- Competition with other products that satisfy the same or very similar consumer demand
- Competition in the same consumer demand level

As mentioned above it is vitally important not only to determine all products on the same shelf, but also determine the rivals to the whole shelf.

Identification of determinant attributes and measuring their significance to the user

After the identification and analysis of competitive products in the market, determinant attributes should be identified and their significance to the user should be measured. According to Aaker, (2005) determinant attributes define not only the products benefits and value to the user, but also associations with the product consuming process and with the consumer himself. The authors Hooley, Saunders, Piery (2006) consider a qualitative
approach – the discussion group to be the most effective test for determining the determinant attributes Dikicius (2006) proposes these techniques for selection of determinant attributes: associations of words, completion of a sentence, completion of a short story (anecdote), drawing test, subject perception test, role playing test.

According to the scientists Kotler, Armstrong, Saunders, Wong (2003), determinant attributes would be valuable only if they are:
- Important: The difference delivers a highly valued benefit to a number of buyers.
- Distinctive: The difference is delivered in a distinctive way.
- Superior: The difference is superior to other ways of obtaining the benefit.
- Preemptive: The difference cannot be easily copied by competitors.
- Affordable: The buyer can afford to pay the difference
- Profitable: The company will find it profitable to introduce the difference.

It is clear, that finding a determinant attribute, that meets all the above criteria is almost impossible, but the more above mentioned qualities an attribute has, the more benefit it brings to marketers.

Identification of the current position of the product and other competing products according to determinant attributes

Having obtained clear and some of the above criteria meeting determinant attributes, the next step that follows is the identification of the products and other rival products current positions on the market. The task can be best accomplished by carrying out target segment survey, where consumers have to evaluate the product and competing products according to the most significant determinant attributes. According to Pranulis (1998) the following survey techniques can be used: scales of graphic evaluation, Liquert scale, semantic-differential scale, Stapel scale, attribute assessment scale, fixed-sum scale, value-grading scale, pair picking scale.

Composition of the positioning map

A positioning map provides a valuable means in assisting managers to position products by graphically illustrating consumers’ perceptions of competing products and the product they are positioning. Marketers can create a competitive positioning map from information solicited from the results of first stages of positioning process. For example, a positioning map may present different attributes – price and perceived quality – and indicate how consumers view a product and its main rivals based on these characteristics.

Arora (2006) offers the following reasons why positioning map is such a powerful tool for examining the position of products:
1. It develops understanding of how the relative strengths and weaknesses of different products are perceived by buyers.
2. It builds knowledge about the similarities and dissimilarities between competing products.
3. It assists the process of repositioning existing products and the positioning of new products.
4. The technique helps to track the perception that buyers have of a particular product, and assists the measurement of the effectiveness of communication programs, and marketing actions, intended to change buyer’s perceptions.
5. Positioning map is an important tool in the development and tracking of promotional strategy. It enables managers to identify gaps and opportunities in the market and allows monitoring of effects of past marketing communications.

Determination of the desired position of the product

An ideal point is the place on the positioning map that represents the combination of attributes most desired by the consumer. This point describes the product the consumer would prefer over all others. Companies choose the desired position as close to the ideal perceived position as possible. The desired position is chosen with respect to segment attractiveness, current or potential strength of the product serving that segment. According to J. Baker (2001) marketers have to take two core decisions while determining the desired position for a product: selection of target market and identification of positions of competitive products, determination of differential advantages. To sum up, the most desirable position for a product is the one that tunes attractive market segments and present or potential product strengths. According to Scheinin (1998), companies should avoid segments, where they do not possess differential advantage.

Selection of positioning or repositioning strategy

Selecting positioning or repositioning strategy is one of the most crucial points product positioning steps. Scholars Doyle, Stern (2006) define positioning strategy as the choice of target market segments, which determines where the business competes, and the choice of differential advantage, which dictates how it competes. Many marketing theoretics (Fill 2006, Kotler 2007, Armstrong 2004, Doyle, Stern 2006) propose more or less the same list of product positioning strategies.
- Product features
- Price/quality
- Product class dissociation
- User
- Competitor
- Benefit
- Heritage or cultural symbol

On the other hand Boone, Kurz (2001) offer the positioning of a product based on the following areas:
- Attributes – Chevy Suburban is strong “Like a Rock”
- Price/Quality – Saks Fifth avenue is a quality store
- Competitors – Visa’s ads point out that some establishments do not accept American express
- Application – Xerox is “The document company”
- Product user – “Ryan air” targets the budget oriented traveler
- Product class – Tony Roma’s is “Famous for Ribs”
It is important to mention, that the above mentioned strategies are not discrete and usually are just pats of complex hybrid strategies, used by marketers.

Sometimes, changes in the competitive environment force marketers to reposition a product – changing the position it holds in the minds of consumers relative to the positions of competing products.

Scientists Doyle, Stern (2006) suggest the following repositioning options (the first two are real repositioning strategies, the rest can be considered psychological):

- Introduce a new brand
- Change existing brand
- Alter beliefs about the brand
- Alter beliefs about competitive brands
- Alter attribute importance weights
- Introduce new or neglected attributes
- Find a new market segment

Not only changes on the market lead to a demand for a new repositioning strategy. Very often the product fails because of marketers initial positioning mistakes.

Brooke (1994) states that a product may be inadequately positioned for three reasons:

- The segment in which it is targeted might have become unattractive because it is too small, declining, too competitive or otherwise unprofitable.
- Positioning might be inadequate because the quality and features that the product offers do not appeal to the segment to which it is targeted.
- It might be wrong because the product’s costs are too high to allow it to be priced competitively.

Scientists Grancutt, Leadley, Forsyth (2004), Kotler (2006) indicate four main risky product positions on the market: underpositioning, overpositioning, confused positioning and doubtful positioning:

**Risky positions**

<table>
<thead>
<tr>
<th>Potential risk</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Under-positioning</td>
<td>Some companies discover that buyers have only a vague idea of the brand and the features/benefits of that brand. Customers may not be aware of anything particularly special about the brand</td>
</tr>
<tr>
<td>Over-positioning</td>
<td>Customers may have too narrow a view of the brand. Therefore a consumer might think that a particular glass company, for example, only produces luxury items that retail at high prices. However, it may produce a variety of cheaper standard glassware.</td>
</tr>
<tr>
<td>Confused positioning</td>
<td>Customers could be confused about the position of the brand within the marketplace. This confusion may result from the company making too many decisions about the brand, or changing the brand’s positioning too frequently.</td>
</tr>
<tr>
<td>Doubtful positioning</td>
<td>Customers may find it hard to believe the claims made by the company about its brand in view of the individual product’s features and promoted benefits, the price and the name of the manufacturer.</td>
</tr>
</tbody>
</table>

*Source: Grancutt, Leadley, Forsyth (2004)*

**Creation of the positioning statement**

From the research data obtained in the first steps of product positioning process and the marketing strategy developed, it is necessary to formulate a positioning statement that is in tune with the promotional objectives.

This process is probably the most laborious and difficult element positioning implementation steps. Scholars Capon, Hulbert (2001) define the creation of positioning statement as a complex, creative, and highly interactive process, often involving many cut-and-try attempts, before the satisfactory result is achieved.

Clear positioning statements have major value. For example, one of the most common complaints advertising companies make about their clients is that they have not clarified their strategies. Although positioning statements are not advertising messages, they provide excellent guidance for the firm’s advertising agency. Without such guidance, the agency’s creative personnel have enormous difficulty.

According to Kalafatis, Tsogas, Blankson (2000) positioning statements play a vital role in helping to guide and coordinate the firm’s efforts in the marketplace, they are both crucial internally and externally.

Scientists Rossiter, Piercy (1997) define the following models for product positioning statement creation:

- X-YZ macromodel
- I-D-U mezomodel
- A-b-e micromodel

Creating positioning statement according to the X-YZ model, a marketer should decide on the following issues:

- what is the products’ intended target audience (Y)
- is the product brand centered of differentiated in its’ product category (X)
- what benefit (benefits) does the product bring to consumer (Z)

Any kind of advertising attempts should emphasize:

- the benefit to the consumer, which should be unique (U) and focus on (a) – qualities, (b) - benefit and (c) – emotions.
- the emphasized benefit must be important to the whole product category (I)
- not mention at all or forewarn consumer of possible product weaknesses (D).

**Conclusions**

*Having completed the theoretical studies of product positioning in the market the following conclusions can be made:*

- Positioning plays a key role when reaching the desired place in the minds of potential and existing consumers.
- Most scientists of the field of marketing define product positioning as arrangements for a product to occupy a clear, distinctive, and desirable place in the minds of target consumers, relative to competing products in the market. The position of a product is formed by customers’ perceptions of a products attributes relative to the attributes of competitive products.
- Product positioning is an inseparable and most important part of the STP model. If the first two steps (segmentation and targeting) contain flaws or are inadequately or incompletely performed, successful product positioning is doomed to fail.
- Summarizing the opinion of various scholars, it is obvious that product positioning is a complex,
continuing and chain process. While positioning a product marketers should at least (there can be more) go through the following steps:
1. identify and analyze competitive products in the market,
2. identify the determinant attributes and measure their significance to the user,
3. select positioning or repositioning strategy,
4. compose the positioning map,
5. determine the desired position of the product,
6. identify the current position of the product and other competing products according to determinant attributes,
7. create positioning statement.

References

Rūta Ostasevičiūtė, Laimona Šilburtė Prekės pozicionavimo rinkoje teoriniai aspektai Santrauka
Pasaulyje nerasesime posizicijų. Prekės pozicija yra tai, kaip pirkėjas suvokia prekę pagal tam tikrus apsisprendimų atributus ir išskiria jį iš kitų tos pačios kategorijos prekių. Preke su ašių identiteto ir orientacija į potencialų ar esamų pirkėjų norus ne tik bus noriai perkama, bet ir gali garantuoti didesnius pelnius, kadangi yra sukurti didesnė pridėtinė vertė. Dauguma organizacijų bando valdyti savo prekių užimamas pozicijas ir naudoja įvairias pozicionavimo strategijas, kad patenkintų jų naudotojams prekių potencialiai ar esamų pirkėjų galvosvenės ir taip susikurtų pranašumą prieš konkuruojančias prekes. Anksčiau pozicionavimavimas buvo labai svarbus labai aukšto konkurijos lygio, ir gana mažų jėgių barjerų rinkose. Šiandien šios charakteristikos gali būti pritaikytos praktikesi bet kokiai pramonėi ar versliui. Nė vienas produktas iš tų, kurie išliko, negali būti išsvaizduojamas be ašiųka, išskirtinio ir gana intensyvus pozicionavimo.

Tyrimo problema: savaime suprantama, kad sėkmingai prekių rinkoje geros kokybės ar žinomos prekės ženklinos nelapankos. Preke turi užimti ašiųka išskirtinę ir tinkamą vietą esamų ir potencialių vartotojų galvosvenės. Norimos vartotojų potencialios galvosvenės pasiektavimas (arba nepasiektavimas) yra sėkmingo (ar nesėkmingo) pozicionavimo rezultatas. Šis straipsnis analizuoja kaip prekei turėti būti pozicionuojama rinkoje.

Tyrimo objektas: prekės pozicionavimas rinkoje.

Tyrimo tikslas: Straipsnio tikslas yra susisteminis ir kruopščiai ištirti daugelio literatūros šaltinių informaciją apie prekės pozicionavimo koncepciją rinkoje ir reikšmę STP modelio, nuosekliai apskaiciuoti prekės pozicionavimo proceso žingsnius rinkoje, kaip rekomendacijas sėkmingai įgyvendinti prekės pozicionavimavimo rinkoje.

Tyrimo metodai: atlikiant teorinį prekės pozicionavimo rinkoje tyrimą, naudota sistemine bei lyginamoji mokslinė literatūros analizė.


Jungtinių Amerikos Valstijų mokslininkai Ries ir Trout (1986) iššiūrė iš visų kitų marketingo teoretikų teigimų, teigdamai, kad pozicionavimas tai metodas, padedantis išvertinti ir suprasti savo ir konkurenčių prekių poziciją bei tikslinius segmentus, kurie užtikrintų prekės konkurencingumą rinkoje.

Požicionavimas nėra tai, ką darome prekei, tai - kaip veikiate potencialiaus pirkėjo mintis. Sie autoriai pozicionavimą laiko ir kūrybinio procesu: „pozicionavimas pradedamas nuo prekės, paslaugos, įmonės ar žmogaus. Tačiau pozicionuojant nedaroma (taka prekei).“


Po pirmo ir antro STP modelo žingsnio, pereinaime prireikė pozicionavimo proceso. Šis procesas skirstomas etapams. Skirtingai atidaryti pateikia skirtingą etapą skalių, skiriasi ir jų eliškumą. Apibendrinus daugelio mokslinių šiūlymus prekės pozicionavimo proceso etapus, šio straipsnio autorius pateikia tokį jų skaičių ir eliškumą:

- konkursojiųjų prekių rinkoje išskyrimas ir analizė;
- asimsprendimo atributų identifikavimas ir jų reikšmingumo įvertinimas;
- esamos prekės pozicijos nustatymas;
- pozicionavimo žemėlapio sukūrimas;
- normos pozicijos rinkoje nustatymas;
- pozicionavimo arba pozicionavimo strategijos parinkimas;
- pozicionavimo teigino sukūrimas.


- konkurencija su analogiškais savybėmis, turimus konkuruojančias prekes;
- konkurencija su kitomis tuos patį arba labai panašų poreikų tenkinančiomis prekes;
- konkuruoti to paties poreikio lygmenė;
- tai taigų nustatant konkuruojantį svarbu ne tik identifikuoti visas prekes, esančias toje pačioje parduotuvės lentynoje, bet ir nustatyti, kas konkuruoja su šiai preke. 

