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Brand

POSITIONING

COURSE

Certificate Program in Brand Positioning

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COURSE OBJECTIVES

This course aims to address key questions:

- How can a firm develop and establish an effective positioning in the market?
- How do marketers identify and analyze competition?
- How brands are successfully differentiated?
- How do firms communicate their positioning?
- What are some alternative approaches to positioning?
- What are the differences in positioning and branding for a small business?

INTRODUCTION

No company can win if its products and services resemble every other product and offering. As part of the strategic brand management process, each offering must represent the right kinds of things in the minds of the target market. Consider how DirecTV has positioned itself.

Launched a little more than two decades ago, DirecTV now has more than 32 million subscribers in the United States and Latin America. The direct-broadcast satellite service provider faces competition on a number of fronts: from classic cable companies (Comcast and TimeWarner Cable), from other direct broadcast satellite service providers (Dish), and from alternate ways to watch television digitally through downloads and streaming (Hulu, Netflix, and Amazon). The world's leading provider of digital television entertainment services, DirecTV carries the slogan "Don't Just Watch TV, DirecTV," reflecting the unique positioning it has crafted thanks to a combination of features not easily matched by any competitor. Three pillars of that positioning are captured by its claims to "state-of-the-art technology, unmatched programming, and industry leading customer service." The company puts much emphasis on its comprehensive set of sports packages, its wide array of HD channels, and its broad broadcast platform that lets customers watch programming on their TVs at home and on their laptops, tablets, and cell phones. With its Genie service, users can record as many as five shows at once. In exaggerated fashion, its "Get Rid of Cable" TV ad campaign shows how customers who get mad at cable have their lives turn for the worse through a series of unfortunate events. DirecTV has made a strategic targeting shift to focus on "high quality" subscribers: loyal customers who purchase premium services, pay their bills on time, and call less often to complain.

As the success of DirecTV demonstrates, a company can reap the benefits of carving out a unique position in the marketplace. Creating a compelling, well-differentiated brand position requires a keen understanding of consumer needs and wants, company capabilities, and competitive actions. It also requires disciplined but creative thinking. In this module, we outline a process by which marketers can uncover the most powerful brand positioning.

DEVELOPING A BRAND POSITIONING

All marketing strategy is built on segmentation, targeting, and positioning (STP). A company discovers different needs and groups of consumers in the marketplace, targets those it can satisfy in a superior way, and then positions its offerings so the target market recognizes its distinctive offerings and images. By building customer advantages, companies can deliver high customer value and satisfaction, which lead to high repeat purchases and ultimately to high company profitability.

UNDERSTANDING POSITIONING AND VALUE PROPOSITIONS

Positioning is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market. The goal is to locate the brand in the minds of consumers to maximize the potential benefit to the firm. A good brand positioning helps guide marketing strategy by clarifying the brand's essence, identifying the goals it helps the consumer achieve, and showing how it does so in a unique way. Everyone in the organization should understand the brand positioning and use it as context for making decisions.

A useful measure of the effectiveness of the organization's positioning is the *brand substitution test*. If, in some marketing activity—an ad campaign, a viral video, a new product introduction—the brand were replaced by a competitive brand, then that marketing activity should not work as well in the marketplace. A well-positioned brand should be distinctive in its meaning and execution. If a sport or music sponsorship, for example, would work as well if it were for a leading competitor, then either the positioning is not sharply defined well enough or the sponsorship as executed does not tie closely enough to the brand positioning.

A good positioning has one foot in the present and one in the future. It needs to be somewhat aspirational so the brand has room to grow and improve. Positioning on the basis of the current state of the market is not forward-looking enough, but at the same time, the positioning cannot be so removed from reality that it is essentially unobtainable.

The real trick is to strike just the right balance between what the brand is and what it could be.
One result of positioning is the successful creation of a customer-focused *value proposition,* a cogent reason why the target market should buy a product or service. As introduced in Chapter 1, a value proposition captures the way a product or service's key benefits provide value to customers by satisfying their needs. The next table shows how three companies—Hertz, Volvo, and Domino's—have defined their value proposition through the years with their target customers.

Company and Product	Target Customers	Value Proposition
Hertz (car rental)	Busy professionals	Fast, convenient way to rent the right type of a car at an airport
Volvo (station wagon)	Safety-conscious upscale families	The safest, most durable wagon in which your family can ride
Domino's (pizza)	Convenience-minded pizza lovers	A delicious hot pizza, delivered promptly to your door

Examples of Value Propositions

Positioning requires that marketers define and communicate similarities and differences between their brand and its competitors. Specifically, deciding on a positioning requires: (1) choosing a frame of reference by identifying the target market and relevant competition, (2) identifying the optimal points-of-parity and points of- difference brand associations given that frame of reference, and (3) creating a brand mantra summarizing the positioning and essence of the brand.

CHOOSING A COMPETITIVE FRAME OF REFERENCE

The competitive frame of reference defines which other brands a brand competes with and which should thus be the focus of competitive analysis. Decisions about the competitive frame of reference are closely linked to target market decisions. Deciding to target a certain type of consumer can define the nature of competition because certain firms have decided to target that segment in the past (or plan to do so in the future) or because consumers in that segment may already look to certain products or brands in their purchase decisions.

IDENTIFYING COMPETITORS: A good starting point in defining a competitive frame of reference for brand positioning is category membership—the products or sets of products with which a brand competes and that function as close substitutes. It would seem a simple task for a company to identify its competitors. PepsiCo knows Coca-Cola's Dasani is a major bottled-water competitor for its Aquafina brand; Wells Fargo knows Bank of America is a major banking competitor; and Petsmart.com knows a major online retail competitor for pet food and supplies is Petco.com.

The range of a company's actual and potential competitors, however, can be much broader than the obvious. To enter new markets, a brand with growth intentions may need a broader or maybe even a more aspirational competitive frame. And it may be more likely to be hurt by emerging competitors or new technologies than by current competitors.

The energy-bar market created by PowerBar ultimately fragmented into a variety of subcategories, including those directed at specific segments (such as Luna bars for women) and some possessing specific attributes (such as the protein-laden Balance and the calorie-control bar Pria). Each represented a subcategory for which the original PowerBar may not be as relevant.

Firms should broaden their competitive frame to invoke more advantageous comparisons.
Consider these examples:

• In the United Kingdom, the Automobile Association positioned itself as the fourth "emergency service"—along with police, fire, and ambulance—to convey greater credibility and urgency.

• The International Federation of Poker is attempting to downplay some of the gambling image of poker to emphasize the similarity of the card game to other "mind sports" such as chess and bridge.

• The U.S. Armed Forces changed the focus of its recruitment advertising from the military as patriotic duty to the military as a place to learn leadership skills—a much more rational than emotional pitch that better competes with private industry.

The U.S. Armed Forces is putting
More emphasis on its opportunities for
leadership and career development
vs. patriotic appeals for serving.

We can examine competition from both an industry and a market point of view. An industry is a group of firms offering a product or class of products that are close substitutes for one another. Marketers classify industries according to several different factors, such as the number of sellers; degree of product differentiation; presence or absence of entry, mobility, and exit barriers; cost structure; degree of vertical integration; and degree of globalization.

Using the market approach, we define *competitors* as companies that satisfy the same customer need. For example, a customer who buys a word-processing software package really wants "writing ability"—a need that can also be satisfied by pencils, pens, or, in the past, typewriters. Marketers must overcome "marketing myopia" and stop defining competition in traditional category and industry terms. Coca-Cola, focused on its soft drink business, missed seeing the market for coffee bars and fresh-fruit-juice bars that eventually impinged on its soft-drink business.

The market concept of competition reveals a broader set of actual and potential competitors than competition defined in just product category terms. Jeffrey Rayport and Bernard Jaworski suggest profiling a company's direct and indirect competitors by mapping the buyer's steps in obtaining and using the product. This type of analysis highlights both the opportunities and the challenges a company faces.

ANALYZING COMPETITORS: Module 2 (the strategic marketing planning) described how to conduct a SWOT analysis that includes a competitive analysis. A company needs to gather information about each competitor's real and perceived strengths and weaknesses.

The next table shows the results of a company survey that asked customers to rate its three competitors, A, B, and C, on five attributes.

	Customer Awareness	*Product Quality*	*Product Availability*	*Technical Assistance*	*Selling Staff*
Competitor A	E	E	P	P	G
Competitor B	G	G	E	G	E
Competitor C	F	P	G	F	F

Note: E = excellent, G = good, F = fair, P = poor.

Customers' Ratings of Competitors on Key Success Factors

Competitor A turns out to be well known and respected for producing high-quality products sold by a good sales force, but poor at providing product availability and technical assistance. Competitor B is good across the board and excellent in product availability and sales force. Competitor C rates poor to fair on most attributes. This result suggests that in its positioning, the company could attack Competitor A on product availability and technical assistance and Competitor C on almost anything, but it should not attack B, which has no glaring weaknesses. As part of this competitive analysis for positioning, the firm should also ascertain the strategies and objectives of its primary competitors.

Once a company has identified its main competitors and their strategies, it must ask: What is each competitor seeking in the marketplace? What drives each competitor's behavior? Many factors shape a competitor's objectives, including size, history, current management, and financial situation. If the competitor is a division of a larger company, it's important to know whether the parent company is running it for growth or for profits, or milking it.

Finally, based on all this analysis, marketers must formally define the competitive frame of reference to guide positioning. In stable markets where little short-term change is likely, it may be fairly easy to define one, two, or perhaps three key competitors. In dynamic categories where competition may exist or arise in a variety of different forms, multiple frames of reference may be present, as we discuss below.

IDENTIFYING POTENTIAL POINTS-OF-DIFFERENCE AND POINTS-OF-PARITY

Once marketers have fixed the competitive frame of reference for positioning by defining the customer target market and the nature of the competition, they can define the appropriate points-of-difference and points-of-parity associations.

POINTS-OF-DIFFERENCE: Points-of-difference (PODs) are attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand.

Associations that make up points-of-difference can be based on virtually any type of attribute or benefit. Louis Vuitton may seek a point-of-difference as having the most stylish handbags, Energizer as having the longest-lasting battery, and Fidelity Investments as offering the best financial advice and planning.

Strong brands often have multiple points-of-difference. Some examples are Apple (*design, ease-of-use,* and *irreverent attitude*), Nike (*performance, innovative technology,* and *winning*), and Southwest Airlines (*value, reliability,* and *fun personality*).

Creating strong, favorable, and unique associations is a real challenge, but an essential one for competitive brand positioning. Although successfully positioning a new product in a well-established market may seem particularly difficult, Method Products shows that it is not impossible.

>> Method Products

The brainchild of former high school buddies Eric Ryan and Adam Lowry, Method Products was started with the realization that although cleaning and household products are sizable categories by sales, taking up an entire supermarket aisle or more, they are also incredibly boring ones. Method launched a sleek, uncluttered dish soap container that also had a functional advantage—the bottle, shaped like a chess piece, was built to let soap flow out the bottom so users would never have to turn it upside down. This signature product, with its pleasant fragrance, was designed by award-winning industrial designer Karim Rashid. Sustainability also became part of the core of the brand, from sourcing and labor practices to material reduction and the use of nontoxic materials. By creating a line of unique eco-friendly, biodegradable household cleaning products with bright colors and sleek designs, Method grew to a $100 million company in revenues. A big break came with the placement of its product in Target, known for partnering with well-known designers to produce standout products at affordable prices. Because of its limited advertising budget, the company believes its attractive packaging and innovative products must work harder to express the brand positioning. Social media campaigns have been able to put some teeth into the company's "People Against Dirty" slogan and its desire to make full disclosure of ingredients an industry requirement. Method was acquired by Belgium-based Ecover in 2012; its strong European distribution network will help launch the brand overseas.

Method cleaning products has met with great success from being uniquely positioned on the basis of sustainability and attractive and functional product designs.

Three criteria determine whether a brand association can truly function as a point-of-difference: desirability, deliverability, and differentiability. Some key considerations follow.

• *Desirable to consumer.* Consumers must see the brand association as personally relevant to them. Select Comfort made a splash in the mattress industry with its Sleep Number beds, which allow consumers to adjust the support and fit of the mattress for optimal comfort with a simple numbering index. Consumers must also be given a compelling reason to believe and an understandable rationale for why the brand can deliver the desired benefit. Mountain Dew may argue that it is more energizing than other soft drinks and support this claim by noting that it has a higher level of caffeine. Chanel No. 5 perfume may claim to be the quintessentially elegant French perfume and support this claim by noting the long association between Chanel and haute couture. Substantiators can also come in the form of patented, branded ingredients, such as NIVEA Wrinkle Control Crème with Q10 co-enzyme.

• *Deliverable by the company.* The company must have the internal resources and commitment to feasibly and profitably create and maintain the brand association in the minds of consumers. The product design and marketing offering must support the desired association. Does communicating the desired association require real changes to the product itself or just perceptual shifts in the way the consumer thinks of the product or brand? Creating the latter is typically easier. General Motors has had to work to overcome public perceptions that Cadillac is not a youthful, modern brand and has done so through bold designs, solid craftsmanship, and active, contemporary images. The ideal brand association is preemptive, defensible, and difficult to attack. It is generally easier for market leaders such as ADM, Visa, and SAP to sustain their positioning, based as it is on demonstrable product or service performance, than it is for market leaders such as Fendi, Prada, and Hermès, whose positioning is based on fashion and is thus subject to the whims of a more fickle market.

• *Differentiating from competitors.* Finally, consumers must see the brand association as distinctive and superior to relevant competitors. Splenda sugar substitute overtook Equal and Sweet'N Low to become the leader in its category in 2003 by differentiating itself as a product derived from sugar without the associated drawbacks. In the crowded energy drink category, Monster has become a nearly $2 billion brand and a threat to category pioneer Red Bull by differentiating itself on its innovative 16-ounce can and an extensive line of products targeting nearly every need state related to energy consumption.

POINTS-OF-PARITY: Points-of-parity (POPs), on the other hand, are attribute or benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands. These types of associations come in three basic forms: category, correlational, and competitive.

Category points-of-parity are attributes or benefits that consumers view as essential to a legitimate and credible offering within a certain product or service category. In other words, they represent necessary—but not sufficient—conditions for brand choice. Consumers might not consider a travel agency truly a travel agency unless it is able to make air and hotel reservations, provide advice about leisure packages, and offer various ticket payment and delivery options. Category points-of-parity may change over time due to technological advances, legal developments, or consumer trends, but to use a golfing analogy, they are the “greens fees” necessary to play the marketing game.

Correlational points-of-parity are potentially negative associations that arise from the existence of positive associations for the brand. One challenge for marketers is that many attributes or benefits that make up their POPs or PODs are inversely related. In other words, if your brand is good at one thing, such as being inexpensive, consumers can’t see it as also good at something else, like being “of the highest quality.” Consumer research into the trade-offs consumers make in their purchasing decisions can be informative here. Below, we consider strategies to address these trade-offs.

Competitive points-of-parity are associations designed to overcome perceived weaknesses of the brand in light of competitors’ points-of-difference. One good way to uncover key competitive points-of-parity is to role-play competitors’ positioning and infer their intended points-of-difference. Competitor’s PODs will, in turn, suggest the brand’s POPs.

Regardless of the source of perceived weaknesses, if, in the eyes of consumers, a brand can “break even” in those areas where it appears to be at a disadvantage *and* achieve advantages in other areas, the brand should be in a strong—and perhaps unbeatable—competitive position. Consider the introduction of Hyundai Motor Company—the biggest carmaker in South Korea and one of the top ten global auto companies.

>> Hyundai Cars

In recent years, Hyundai Motor Company has succeeded in boosting its presence in the world car market by setting up overseas production bases and engaging in aggressive marketing. As South Korea’s largest and the world’s fifth largest automaker, Hyundai has driven its sales growth through improvements in quality and design. While its rivals are using reliability and fuel economy to build market share, Hyundai has taken the formula further with a focus on making its cars more attractive and often at lower prices. The brand’s goal is to entice customers with the speed and appeal of luxury European models, but at non-premium prices. To win the hearts of car buyers, Hyundai engages credible and attractive spokespersons, like Bollywood actor Shah Rukh Khan and German football celebrity Jürgen Klinsmann, to help communicate its value proposition. To improve its overall brand perception, the company has a long-term commitment with FIFA to sponsor the FIFA World Cup until 2022.

Hyundai Motor Company has pioneered the car market by successfully establishing a point-of-difference on low prices and a point-of-parity on quality and design.

POINTS-OF-PARITY VERSUS POINTS-OF-DIFFERENCE: For an offering to achieve a point-of-parity on a particular attribute or benefit, a sufficient number of consumers must believe the brand is “good enough” on that dimension. There is a zone or range of tolerance or acceptance with points-of-parity. The brand does not literally need to be seen as equal to competitors, but consumers must feel it does well enough on that particular attribute or benefit. If they do, they may be willing to base their evaluations and decisions on other factors more favorable to the brand. A light beer presumably would never taste as good as a full-strength beer, but it would need to taste close enough to be able to effectively compete. Often, the key to positioning is not so much achieving a point-of-difference as achieving points-of-parity!

>> Visa Versus American Express

Visa’s point-of-difference in the credit card category is that it is the most widely available card, which underscores the category’s main benefit of convenience. American Express, on the other hand, has built the equity of its brand by highlighting the prestige associated with the use of its card. Visa and American Express now compete to create points-of-parity by attempting to blunt each other’s advantage. Visa offers gold and platinum cards to enhance the prestige of its brand, and for years it advertised, “It’s Everywhere You Want to Be,” showing desirable travel and leisure locations that accept only the Visa card to reinforce both its own exclusivity and its acceptability. American Express has substantially increased the number of merchants that accept its cards and created other value enhancements while also reinforcing its cachet through advertising that showcases celebrities such as Robert De Niro, Tina Fey, Ellen DeGeneres, and Beyoncé as well as promotions for exclusive access to special events.

MULTIPLE FRAMES OF REFERENCE: It is not uncommon for a brand to identify more than one actual or potential competitive frame of reference, if competition widens or the firm plans to expand into new categories. For example, Starbucks could define very distinct sets of competitors, suggesting different possible POPs and PODs as a result:

1. *Quick-serve restaurants and convenience shops (McDonald's and Dunkin' Donuts)*—Intended PODs might be quality, image, experience, and variety; intended POPs might be convenience and value.

2. *Home and office consumption (Folgers, NESCAFÉ instant, and Green Mountain Coffee K-Cups)*—Intended PODs might be quality, image, experience, variety, and freshness; intended POPs might be convenience and value.

3. *Local cafés*—Intended PODs might be convenience and service quality; intended POPs might be product quality, variety, price, and community.

Note that some potential POPs and PODs for Starbucks are shared across competitors; others are unique to a particular competitor.

Under such circumstances, marketers have to decide what to do. There are two main options with multiple frames of reference. One is to first develop the best possible positioning for each type or class of competitors and then see whether there is a way to create one combined positioning robust enough to effectively address them all. If competition is too diverse, however, it may be necessary to prioritize competitors and then choose the most important set of competitors to serve as the competitive frame. One crucial consideration is not to try to be all things to all people—that leads to lowest-common-denominator positioning, which is typically ineffective.

Finally, if there are many competitors in different categories or subcategories, it may be useful to either develop the positioning at the categorical level for all relevant categories ("quick-serve restaurants" or "supermarket take-home coffee" for Starbucks) or with an exemplar from each category (McDonald's or NESCAFÉ for Starbucks).

STRADDLE POSITIONING: Occasionally, a company will be able to straddle two frames of reference with one set of points-of-difference and points-of-parity. In these cases, the points-of-difference for one category become points-of-parity for the other and vice versa. Subway restaurants are positioned as offering healthy, goodtasting sandwiches. This positioning allows the brand to create a POP on taste and a POD on health with respect to quick-serve restaurants such as McDonald's and Burger King and, at the same time, a POP on health and a POD on taste with respect to health food restaurants and cafés.

Straddle positions allow brands to expand their market coverage and potential customer base. Another example is BMW.

>> BMW

When BMW first made a strong competitive push into the U.S. market in the late 1970s, it positioned the brand as the only automobile that offered both luxury *and* performance. At that time, consumers saw U.S. luxury cars as lacking performance and U.S. performance cars as lacking luxury. By relying on the design of its cars, its German heritage, and other aspects of a well-conceived marketing program, BMW was able to simultaneously achieve: (1) a point-of-difference on luxury and a point-of-parity on performance with respect to U.S. performance cars like the Chevy Corvette and (2) a point-of-difference on performance and a point-of-parity on luxury with respect to U.S. luxury cars like Cadillac. The clever slogan “The Ultimate Driving Machine” effectively captured the newly created umbrella category: luxury performance cars.

By combining the seemingly incompatible benefits of luxury and performance, BMW has found great success in the automotive market.

Although a straddle positioning is often attractive as a means of reconciling potentially conflicting consumer goals and creating a “best of both worlds” solution, it also carries an extra burden. If the points-of-parity and points-of-difference are not credible, the brand may not be viewed as a legitimate player in either category. Many early personal digital assistants (PDAs), or palm-sized computers, that unsuccessfully tried to straddle categories ranging from pagers to laptop computers provide a vivid illustration of this risk.

CHOOSING SPECIFIC POPS AND PODS

To build a strong brand and avoid the commodity trap, marketers must start with the belief that you can differentiate anything. Michael Porter urged companies to build a sustainable competitive advantage. Competitive advantage is a company's ability to perform in one or more ways that competitors cannot or will not match.

Some companies are finding success. Pharmaceutical companies are developing biologics, medicines produced using the body's own cells rather than through chemical reactions in a lab, because they are difficult for copycat pharmaceutical companies to make a generic version of when they go off patent. Roche Holding will enjoy an advantage of at least three years with its $7 billion-a-year in sales biologic rheumatoid arthritis treatment Rituxan before a biosimilar copycat version is introduced.

But few competitive advantages are inherently sustainable. At best, they may be leverageable. A *leverageable advantage* is one that a company can use as a springboard to new advantages, much as Microsoft has leveraged its operating system to Microsoft Office and then to networking applications. In general, a company that hopes to endure must be in the business of continuously inventing new advantages that can serve as the basis of points-of-difference.

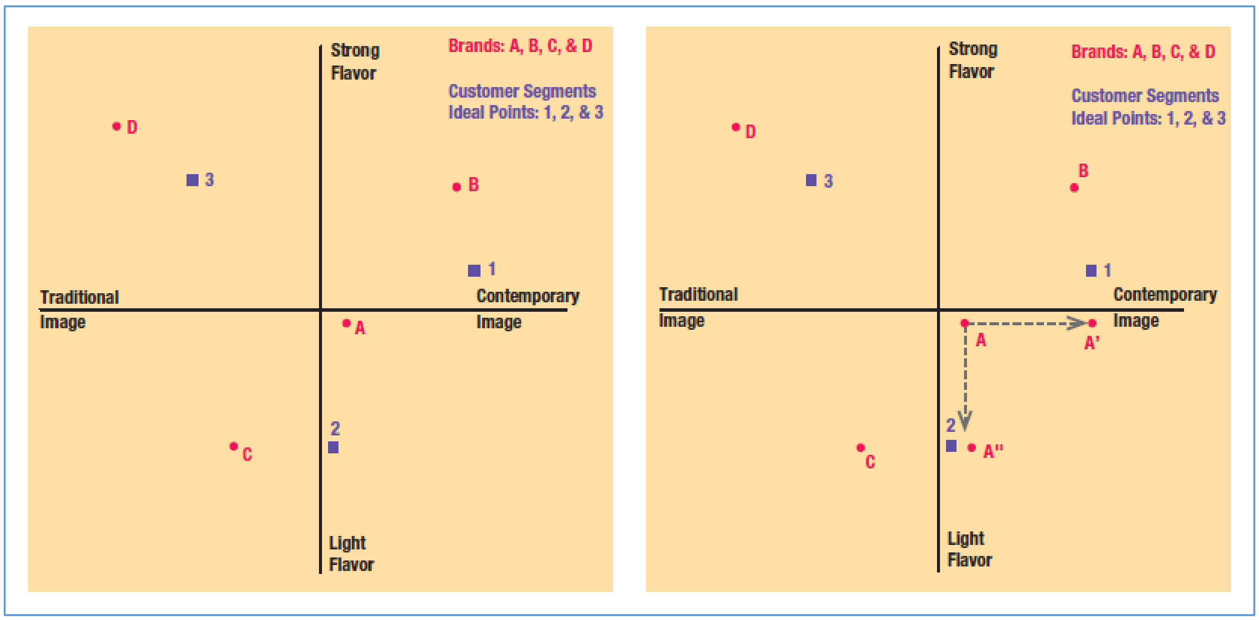
Marketers typically focus on brand benefits in choosing the points-of-parity and points-of-difference that make up their brand positioning. Brand attributes generally play more of a supporting role by providing "reasons to believe" or "proof points" as to why a brand can credibly claim it offers certain benefits. Marketers of Dove soap, for example, will talk about how its attribute of one-quarter cleansing cream uniquely creates the benefit of softer skin. Singapore Airlines can boast about its superior customer service because of its better-trained flight attendants and strong service culture. Consumers are usually more interested in benefits and what exactly they will get from a product. Multiple attributes may support a certain benefit, and they may change over time.

MEANS OF DIFFERENTIATION: Any product or service benefit that is sufficiently desirable, deliverable, and differentiating can serve as a point-of-difference for a brand. The obvious, and often the most compelling, means of differentiation for consumers are benefits related to performance (modules 13 and 14). Swatch offers colorful, fashionable watches; GEICO offers reliable insurance at discount prices.

Sometimes changes in the marketing environment can open up new opportunities to create a means of differentiation. Eight years after it launched Sierra Mist and with sales stagnating, Pepsico tapped into rising consumer interest in natural and organic products to reposition the lemon-lime soft drink as all-natural with only five ingredients: carbonated water, sugar, citric acid, natural flavor, and potassium citrate.

Often a brand's positioning transcends its performance considerations. Companies can fashion compelling images that appeal to consumers' social and psychological needs. The primary explanation for Marlboro's extraordinary worldwide market share (about 30 percent) is that its "macho cowboy" image has struck a responsive chord with much of the cigarette-smoking public. Wine and liquor companies also work hard to develop distinctive images for their brands. Even a seller's physical space can be a powerful image generator. Hyatt Regency Hotels developed a distinctive image with its atrium lobbies.

To identify possible means of differentiation, marketers have to match consumers' desire for a benefit with their company's ability to deliver it. For example, they can design their distribution channels to make buying the product easier and more rewarding. Back in 1946, pet food was cheap, not too nutritious, and available exclusively in supermarkets and the occasional feed store. Dayton, Ohio–based Iams found success selling premium pet food through regional veterinarians, breeders, and pet stores.



(a) Hypothetical Beverage Perceptual Map: Current Perceptions

(b) Hypothetical Beverage Perceptual Map: Possible Repositioning for

PERCEPTUAL MAPS: For choosing specific benefits as POPs and PODs to position a brand, perceptual maps may be useful. *Perceptual maps* are visual representations of consumer perceptions and preferences. They provide quantitative pictures of market situations and the way consumers view different products, services, and brands along various dimensions. By overlaying consumer preferences with brand perceptions, marketers can reveal “holes” or “openings” that suggest unmet consumer needs and marketing opportunities.

For example, the diagram above (a) shows a hypothetical perceptual map for a beverage category. The four brands—A, B, C, and D—vary in terms of how consumers view their taste profile (light versus strong) and personality and imagery (contemporary versus modern). Also displayed on the map are ideal point “configurations” for three market segments (1, 2, and 3). The ideal points represent each segment’s most preferred (“ideal”) combination of taste and imagery.

Kate Spade found a consumer sweet spot by skillfully blending form and function in its products.

Consumers in Segment 3 prefer beverages with a strong taste and traditional imagery. Brand D is well positioned for this segment because the market strongly associates it with both these benefits. Given that none of the competitors is seen as anywhere close, we would expect Brand D to attract many of the Segment 3 customers.

Brand A, on the other hand, is seen as more balanced in terms of both taste and imagery. Unfortunately, no market segment seems to really desire this balance. Brands B and C are better positioned with respect to Segments 2 and 3, respectively.

• By making its image more contemporary, Brand A could move to A’ to target consumers in Segment 1 and achieve a point-of-parity on imagery and maintain its point-of-difference on taste profile with respect to Brand B.

• By changing its taste profile to make it lighter, Brand A could move to A’’ to target consumers in Segment 2 and achieve a point-of-parity on taste profile and maintain its point-of-difference on imagery with respect to Brand C.

Deciding which repositioning is most promising, A’ or A’’, would require detailed consumer and competitive analysis on a host of factors—including the resources, capabilities, and likely intentions of competing firms—to identify the markets where consumers can profitably be served.

EMOTIONAL BRANDING: Many marketing experts believe a brand positioning should have both rational and emotional components. In other words, it should contain points-of-difference and points-of-parity that appeal to both the head and the heart.

Strong brands often seek to build on their performance advantages to strike an emotional chord with customers. When research on scar-treatment product Mederma found that women were buying it not just for the physical treatment but also to increase their self-esteem, the marketers of the brand added emotional messaging to what had traditionally been a practical message that stressed physician recommendations: “What we have done is supplement the rational with the emotional.” Kate Spade is another brand that blends functional and emotional in its positioning.

>> Kate Spade

Although only a little more than 20 years old, Kate Spade has evolved from a bags-only brand to a much more diversified fashion brand. Launched by husband-and-wife team Kate and Andy Spade—who have since sold their stake—the brand was initially known for a tiny, minimalist-looking black bag. In 2007, a new creative director, Deborah Lloyd, brought a stronger style sensibility to help hit the Kate Spade customer sweet spot of being “the most interesting person in the room.” With greater emphasis on marrying form and function, the brand expanded into apparel and jewelry and has become the centerpiece of a revamped Liz Claiborne (now known as Fifth & Pacific). Accessories are updated constantly, and there are frequent new merchandise introductions. A men’s brand (Jack Spade) and a more casual, affordable fashion brand targeting younger millennium consumers (Kate Spade Saturday) have also been launched. Kate Spade has made a strong e-commerce push to complement its 200-plus stores; 20 percent of sales come from online channels. The company has also made a well-integrated social media foray, using Facebook, Twitter, Instagram, Tumblr, Pinterest, YouTube, FourSquare, and Spotify to reinforce its core brand values of “patterns, colors, fun food and classic New York moments.” It has made a move into Europe and Asia and has especially set its sights on China.

A person's emotional response to a brand and its marketing will depend on many factors. An increasingly important one is the brand's authenticity. Brands such as Hershey's, Kraft, Crayola, Kellogg's, and Johnson & Johnson that are seen as authentic and genuine can evoke trust, affection, and strong loyalty.

Authenticity also has functional value. Family farmer–owned Welch's—1,150 Concord and Niagara grape farmers make up the National Grape Cooperative—is seen by consumers as "wholesome, authentic and real." The brand reinforces those credentials by focusing on its local sourcing of ingredients, increasingly important for consumers who want to know where their foods come from and how they were made.

By successfully differentiating themselves, emotional brands can also provide financial payoffs. As part of its IPO, the UK mobile phone operator O2 was rebranded from British Telecom's struggling BT Cellnet, based on a powerful emotional campaign about freedom and enablement. When customer acquisition, loyalty, and average revenue soared, the business was quickly acquired by Spanish multinational Telefonica for more than three times its IPO price.

BRAND MANTRAS

To further focus brand positioning and guide the way their marketers help consumers think about the brand, firms can define a brand mantra. A *brand mantra* is a three- to five-word articulation of the heart and soul of the brand and is closely related to other branding concepts like "brand essence" and "core brand promise." Its purpose is to ensure that all employees within the organization and all external marketing partners understand what the brand is most fundamentally to represent with consumers so they can adjust their actions accordingly.

ROLE OF BRAND MANTRAS: Brand mantras are powerful devices. By highlighting points-of-difference, they provide guidance about what products to introduce under the brand, what ad campaigns to run, and where and how to sell the brand. Their influence can even extend beyond these tactical concerns. Brand mantras can guide the most seemingly unrelated or mundane decisions, such as the look of a reception area and the way phones are answered. In effect, they create a mental filter to screen out brand-inappropriate marketing activities or actions of any type that may have a negative bearing on customers' impressions.

Brand mantras must economically communicate what the brand is and what it is *not*. What makes a good brand mantra? McDonald's "Food, Folks, and Fun" captures its brand essence and core brand promise. Two other highprofile and successful examples—Nike and Disney—show the power and utility of a well-designed brand mantra.

>> Nike

Nike has a rich set of associations with consumers, based on its innovative product designs, its sponsorships of top athletes, its award-winning communications, its competitive drive, and its irreverent attitude. Internally, Nike marketers adopted the three-word brand mantra, “authentic athletic performance,” to guide their marketing efforts. Thus, in Nike’s eyes, its entire marketing program—its products and the way they are sold—must reflect that key brand value. Over the years, Nike has expanded its brand meaning from “running shoes” to “athletic shoes” to “athletic shoes and apparel” to “all things associated with athletics (including equipment).” Each step of the way, however, it has been guided by its “authentic athletic performance” brand mantra. For example, as Nike rolled out its successful apparel line, one important hurdle was that the products must be made innovative enough through material, cut, or design to truly benefit top athletes. At the same time, the company has been careful to avoid using the Nike name to brand products that do not fit with the brand mantra (like casual “brown” shoes).

Nike’s brand mantra of “authentic athletic performance” is visibly reinforced by its endorsements of top athletes like champion tennis player Rafael Nadal.

>> Disney

Disney developed its brand mantra in response to its incredible growth through licensing and product development during the mid-1980s. In the late 1980s, Disney became concerned that some of its characters, such as Mickey Mouse and Donald Duck, were being used inappropriately and becoming overexposed. The characters were on so many products and marketed in so many ways that in some cases it was difficult to discern what could have been the rationale behind the deal to start with. Moreover, because of the broad exposure of the characters in the marketplace, many consumers had begun to feel Disney was exploiting its name. Disney moved quickly to ensure that a consistent image—reinforcing its key brand associations—was conveyed by all third-party products and services. To that end, Disney adopted an internal brand mantra of "fun family entertainment" to filter proposed ventures. Opportunities that were not consistent with the brand mantra—no matter how appealing—were rejected. As useful as that mantra was to Disney, adding the word "magical" might have made it even more so.

Disney's "fun family entertainment" brand mantra has been an invaluable guide for its product and marketing decisions.

DESIGNING A BRAND MANTRA: Unlike brand slogans meant to engage, brand mantras are designed with internal purposes in mind. Although Nike's internal mantra was "authentic athletic performance," its external slogan was "Just Do It." Here are the three key criteria for a brand mantra.

• *Communicate.* A good brand mantra should clarify what is unique about the brand. It may also need to Define the category (or categories) of business for the brand and set brand boundaries.

• *Simplify.* An effective brand mantra should be memorable. For that, it should be short, crisp, and vivid in meaning.

• *Inspire.* Ideally, the brand mantra should also stake out ground that is personally meaningful and relevant to as many employees as possible.

For brands anticipating rapid growth, it is helpful to define the product or benefit space in which the brand would like to compete, as Nike did with "athletic performance" and Disney with "family entertainment." Words that describe the nature of the product or service, or the type of experiences or benefits the brand provides, can be critical to identifying appropriate categories into which to extend. For brands in more stable categories where extensions into more distinct categories are less likely to occur, the brand mantra may focus more exclusively on points-of-difference.

Other brands may be strong on one, or perhaps even a few, of the brand associations making up the brand mantra. But for it to be effective, no other brand should singularly excel on all dimensions. Part of the key to both Nike's and Disney's success is that for years no competitor could really deliver on the combined promise suggested by their brand mantras.

ESTABLISHING A BRAND POSITIONING

Once they have fashioned the brand positioning strategy, marketers should communicate it to everyone in the organization so it guides their words and actions. One helpful schematic with which to do so is a brand-positioning bull's-eye. "Marketing Memo: Constructing a Brand Positioning Bull's-eye" outlines one way marketers can formally express brand positioning without skipping any steps.

Often a good positioning will have several PODs and POPs. Of those, often two or three really define the competitive battlefield and should be analyzed and developed carefully. A good positioning should also Follow the "90–10" rule and be highly applicable to 90 percent (or at least 80 percent) of the products in the brand. Attempting to position to all 100 percent of a brand's product often yields an unsatisfactory "lowest common denominator" result. The remaining 10 percent or 20 percent of products should be reviewed to ensure they have the proper branding strategy and to see how they could be changed to better reflect the brand positioning.

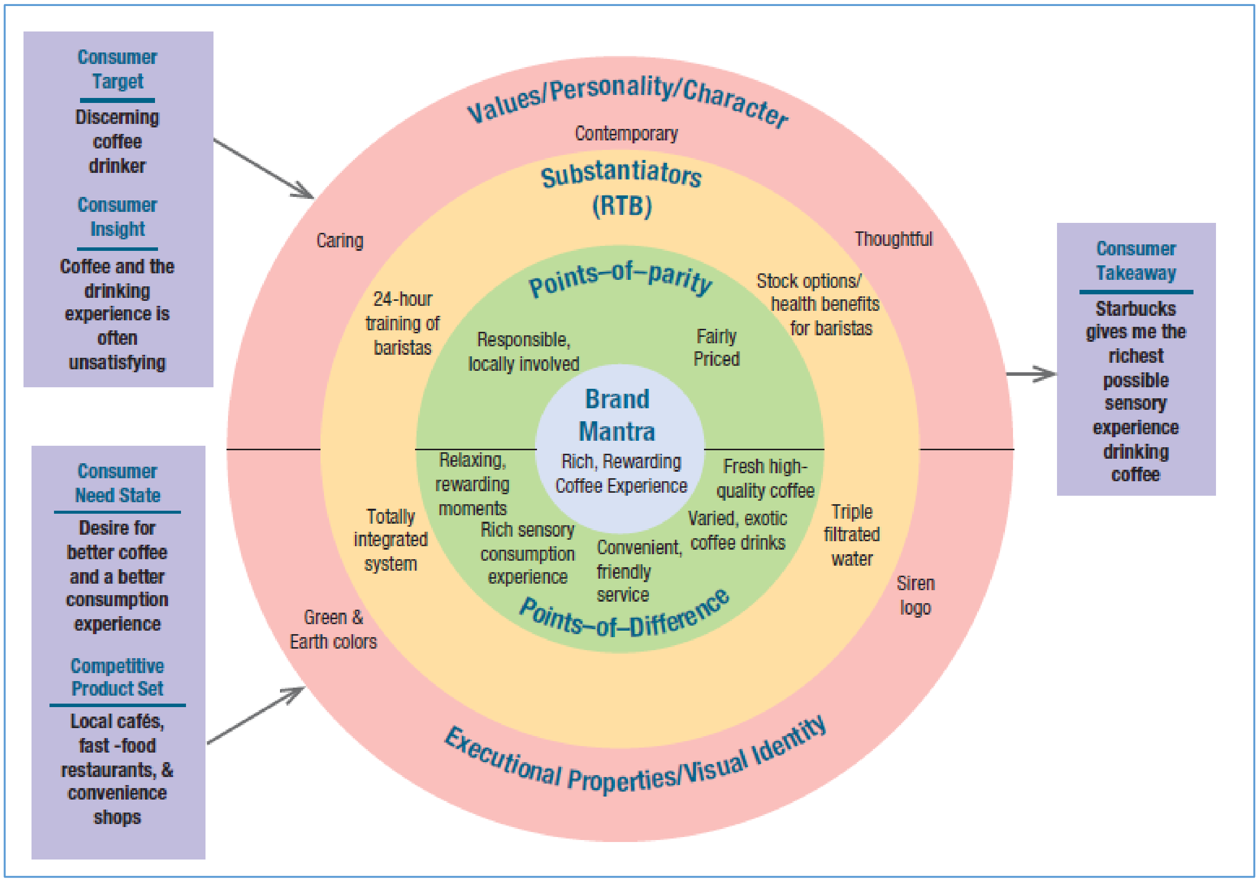
COMMUNICATING CATEGORY MEMBERSHIP: Category membership may be obvious. Target customers are aware that Maybelline is a leading brand of cosmetics, Cheerios is a leading brand of cereal, Accenture is a leading consulting firm, and so on. When a product is new, marketers must inform consumers of the brand's category membership.

Sometimes consumers may know the category membership but not be convinced the brand is a valid member of the category. They may be aware that HP produces digital cameras, but they may not be certain whether HP cameras are in the same class as those made by Canon, Nikon, and Sony. In this instance, HP might find it useful to reinforce category membership.

Brands are sometimes affiliated with categories in which they do *not* hold membership. This approach is one way to highlight a brand's point-of-difference, providing consumers know its actual membership. Instead of putting it in the frozen pizza category, the marketers of DiGiorno's frozen pizza have positioned it in the delivered pizza category with ads that claim "It's Not Delivery, It's DiGiorno!" Similarly, pay channel HBO has developed original, edgy programming to justify its premium fee, adopting the slogan "It's Not TV, It's HBO."

CONSTRUCTING A BRAND POSITIONING BULL'S-EYE

A brand bull's-eye provides content and context to improve everyone's understanding of the positioning of a brand in the organization. Here we look at a hypothetical Starbucks example. In the inner two circles is the heart of the bull's-eye—key points-of-parity and points-of-difference as well as the brand mantra. Points-of-parity and points-of-difference should be made as specific as possible without being too narrow. A POD of "gives confidence" for P&G's Bounty paper towels—known as the "Quicker Picker-Upper"—is very broad compared to the much more brand-relevant POD of "helps to relieve tense situations." Points-of-parity and points-of-difference should be constructed in terms of the benefits a customer would actually derive from the product or service. "Leading Brand in the Category" as a point-of-difference fails to answer the question: What's in it for the customer? Does being the leading brand give the customer greater peace of mind, greater convenience, access to more innovative products, and/or social approval or self-respect from being associated with a "winner"? Points-of-difference should also be stated in positive, aspirational terms, like "Irresistible Taste," "Superior Value," Tireless Customer Service," and "Unimpeachable Trust." Points-of-parity are often stated in more muted terms to recognize the potential deficiencies they represent, such as "Sufficiently Accessible," "Appropriately Relevant," and "Fairly Priced." In the next circle out are the substantiators or reasons-to-believe (RTB)—attributes or benefits that provide factual or demonstrable support for the points-of-parity and points-of-difference. Finally, the outer circle contains two other useful branding concepts: (1) the brand values, personality, or character—intangible associations that help to establish the tone for the words and actions for the brand; and (2) executional properties and visual identity—more tangible components of the brand that affect the way customers see it. Three boxes outside the bull's-eye provide useful context and interpretation. To the left, two boxes highlight some of the input to the positioning analysis. One includes the consumer target and a key insight about consumer attitudes or behavior that significantly influenced the actual positioning; the other provides competitive information about the key consumer need the brand is attempting to satisfy and some competitive products or brands that need suggests. To the right of the bull's-eye, one box offers a "big picture" view of the output—the ideal consumer takeaway if the brand positioning efforts are successful.

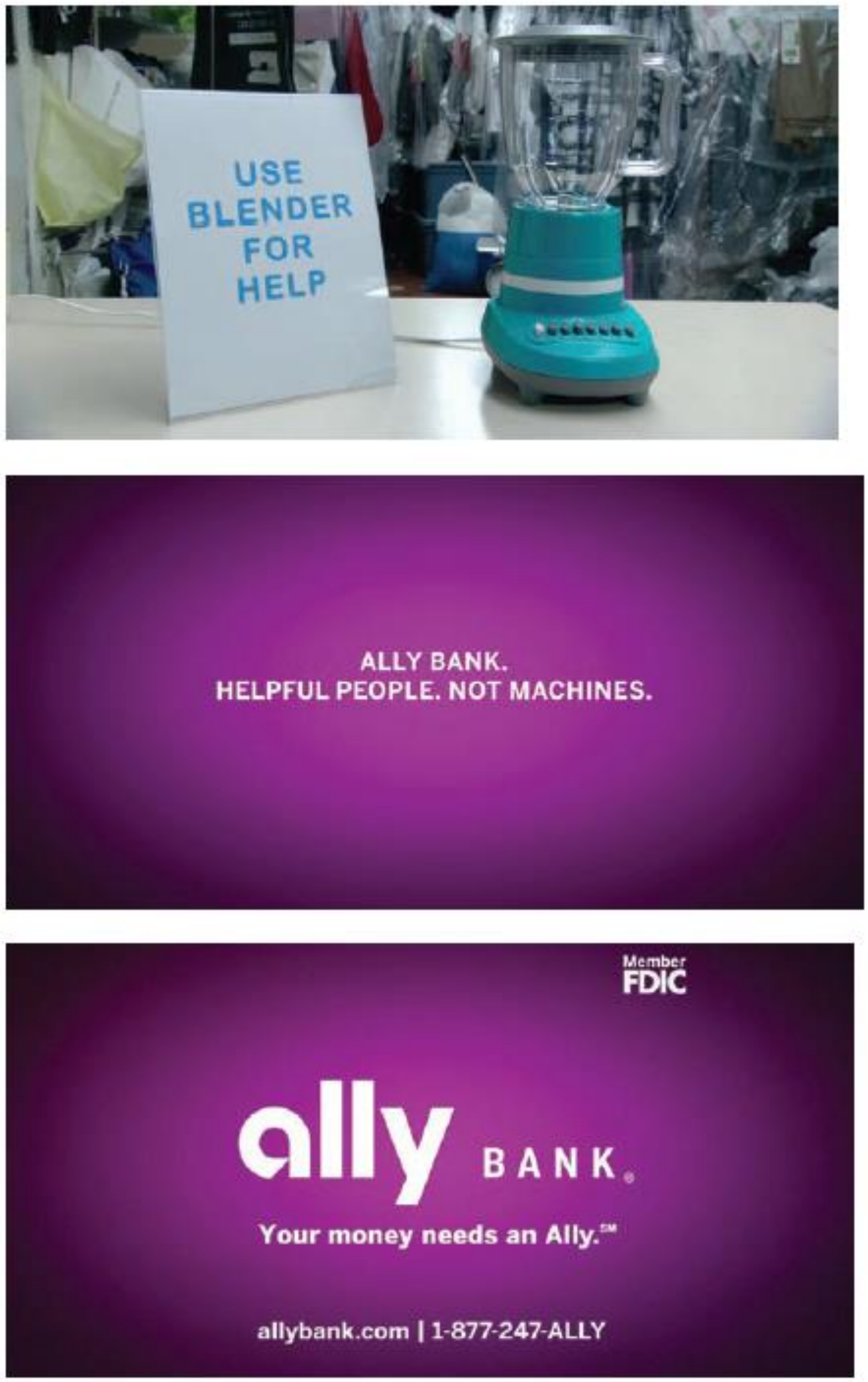


A Hypothetical Example of a Starbucks Brand Positioning Bull's Eye

The typical approach to positioning is to inform consumers of a brand's membership before stating its point-of-difference. Presumably, consumers need to know what a product is and what function it serves before deciding whether it is superior to the brands against which it competes. For new products, initial advertising often concentrates on creating brand awareness, and subsequent advertising attempts to create the brand image. Ally Bank tapped into a distrust of financial institutions to stake out a unique positioning.

>> Ally Financial

In rebranding GMAC Financial as Ally Financial and launching its Ally Bank subsidiary, the firm initially ran a campaign featuring a smarmy man in a suit—who symbolically represented the typical bank—being mean to unsuspecting children—who symbolically represented typical bank customers. The idea was to show Ally Bank as simple and direct. One ad had the slick spokesperson sitting with two young girls at a small table asking one of them whether she wanted a pony. When the girl said yes, he gave her a small toy pony. When the other girl said yes, he gave her a real pony. The clearly unhappy first girl asked why she didn't get a real pony, and the man answered, in effect, “You didn’t ask.” Having established initial awareness, the campaign developed its “straightforward” positioning with several follow-up ads relaying a “Your Money Needs an Ally” theme and touting customers’ ability to reach humans at Ally Bank instead of machines. In the “Dry Cleaner” ad, seemingly real customers of a dry cleaner are captured via hidden camera as they attempt to cope with a blender that a sign indicates they should use for help. The ad ends with the words “Ally Bank. Helpful People. Not Machines.”



Source: Used with permission from Ally Financial Inc.

Ally has positioned itself as a consumer-friendly banking alternative.

There are three main ways to convey a brand's category membership:

1. *Announcing category benefits*—To reassure consumers that a brand will deliver on the fundamental reason for using a category, marketers frequently use benefits to announce category membership. Thus, industrial tools might claim to have durability, and antacids might announce their efficacy. A brownie mix might attain membership in the baked desserts category by claiming the benefit of great taste and support this claim by including high-quality ingredients (performance) or by showing users delighting in its consumption (imagery).

2. *Comparing to exemplars*—Well-known, noteworthy brands in a category can also help a brand specify its category membership. When Tommy Hilfiger was an unknown, advertising announced his status as a great U.S. designer by associating him with Geoffrey Beene, Stanley Blacker, Calvin Klein, and Perry Ellis, recognized members of that category.

3. *Relying on the product descriptor*—The product descriptor that follows the brand name is often a concise means of conveying category origin. Ford Motor Co. invested more than $1 billion in a radical new 2004 model called the X-Trainer, which combined the attributes of an SUV, a minivan, and a station wagon. To communicate its unique position—and to avoid association with its Explorer and Country Squire models—the vehicle, eventually called Freestyle, was designated a "sports wagon."

COMMUNICATING POPS AND PODS: We saw above that one common challenge in positioning is that many of the benefits that make up points-of-parity and points-of-difference are negatively correlated. ConAgra must convince consumers that Healthy Choice frozen foods both taste good *and* are good for you. Consider these examples of negatively correlated attributes and benefits:

Low price vs. High quality	Powerful vs. Safe
Taste vs. Low calories	Strong vs. Refined
Nutritious vs. Good tasting	Ubiquitous vs. Exclusive
Efficacious vs. Mild	Varied vs. Simple

Moreover, individual attributes and benefits often have positive *and* negative aspects. For example, consider a long-lived brand such as La-Z-Boy recliners, Burberry outerwear, or the *New York Times*. The brand's heritage could suggest experience, wisdom, and expertise as well as authenticity. On the other hand, it could also imply being old-fashioned and not contemporary and up to date.

Unfortunately, consumers typically want to maximize *both* the negatively correlated attributes or benefits. Much of the art and science of marketing consists of dealing with trade-offs, and positioning is no different. The best approach clearly is to develop a product or service that performs well on both dimensions. GORE-TEX was able to overcome the conflicting product images of “breathable” and “waterproof ” through technological advances.

Heritage brands like the *New York Times* may be seen as experienced and expert, but also may be seen as oldfashioned and not up-to-date if they are not sufficiently innovative and relevant.

When in-depth and quantitative interviews and focus groups suggested that consumers wanted the benefits of technology without the hassles, Royal Philips launched its “Sense and Simplicity” campaign for its Philips brand of electronics, using print, online, and television advertising.

Other approaches include launching two different marketing campaigns, each devoted to a different brand attribute or benefit; linking the brand to a person, place, or thing that possesses the right kind of equity to establish an attribute or benefit as a POP or POD; and convincing consumers that the negative relationship between attributes and benefits, if they consider it differently, is in fact positive.

MONITORING COMPETITION: Positioning requires an organizational commitment. It is not something that is constantly overhauled or changed. At the same time, it is important to regularly research the desirability, deliverability, and differentiability of the brand's POPs and PODs in the marketplace to understand how the brand positioning might need to evolve or, in relatively rare cases, be completely replaced.

In assessing potential threats from competitors, three high-level variables are useful:

1. *Share of market*—The competitor's share of the target market.

2. *Share of mind*—The percentage of customers who named the competitor in responding to the statement "Name the first company that comes to mind in this industry."

3. *Share of heart*—The percentage of customers who named the competitor in responding to the statement "Name the company from which you would prefer to buy the product."

There's an interesting relationship among these three measures. The next table shows them as recorded for three hypothetical competitors. Competitor A enjoys the highest market share but is slipping. Its mind share and heart share are also slipping, probably because it's not providing good product availability and technical assistance. Competitor B is steadily gaining market share, probably due to strategies that are increasing its mind share and heart share. Competitor C seems to be stuck at a low level of market, mind, and heart share, probably because of its poor product and marketing attributes.

	Market Share			Mind Share			Heart Share		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Competitor A	50%	47%	44%	60%	58%	54%	45%	42%	39%
Competitor B	30	34	37	30	31	35	44	47	53
Competitor C	20	19	19	10	11	11	11	11	8

Market Share, Mind Share, and Heart Share

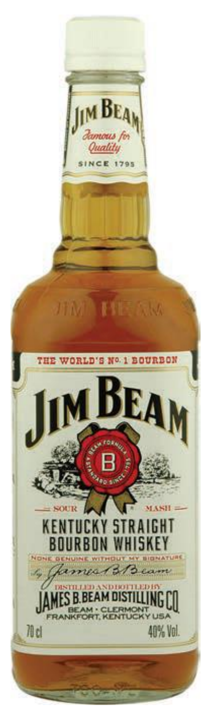
We could generalize as follows: *Companies that make steady gains in mind share and heart share will inevitably make gains in market share and profitability.* Firms such as CarMax, Timberland, Jordan's Furniture, Wegmans, and Toyota are all reaping the benefits of providing emotional, experiential, social, and financial value to satisfy customers and all their constituents.

ALTERNATIVE APPROACHES TO POSITIONING

The competitive brand positioning model we've reviewed in this chapter is a structured way to approach positioning based on in-depth consumer, company, and competitive analysis. Some marketers have proposed other, less-structured approaches in recent years that offer provocative ideas on how to position a brand. We highlight a few of those here.

BRAND NARRATIVES AND STORYTELLING

Rather than outlining specific attributes or benefits, some marketing experts describe positioning a brand as telling a narrative or story. Companies like the richness and imagination they can derive from thinking of the story behind a product or service. To help sharpen its marketing and positioning, Jim Beam, with its namesake Jim Beam and Maker's Mark brands, hired The Moth, a group of professional storytellers best known for a weekly public radio broadcast, to kick off a three-day biannual gathering of its marketing teams.



Jim Beam has used professional story-tellers to sharpen its marketing and positioning

Randall Ringer and Michael Thibodeau see *narrative branding* as based on deep metaphors that connect to people's memories, associations, and stories. They identify five elements of narrative branding: (1) the brand story in terms of words and metaphors, (2) the consumer journey or the way consumers engage with the brand over time and touch points where they come into contact with it, (3) the visual language or expression for the brand, (4) the manner in which the narrative is expressed experientially or the brand engages the senses, and (5) the role the brand plays in the lives of consumers. Based on literary convention and brand experience, they also offer the following framework for a brand story:

• *Setting.* The time, place, and context

• *Cast.* The brand as a character, including its role in the life of the audience, its relationships and responsibilities, and its history or creation myth

• *Narrative arc.* The way the narrative logic unfolds over time, including actions, desired experiences, defining events, and the moment of epiphany

• *Language.* The authenticating voice, metaphors, symbols, themes, and leitmotifs

Patrick Hanlon developed the related concept of "primal branding" that views brands as complex belief systems. According to Hanlon, diverse brands such as Google, MINI Cooper, the U.S. Marine Corps, Starbucks, Apple, UPS, and Aveda all have a "primal code" or DNA that resonates with their customers and generates their passion and fervor. He outlines seven assets that make up this belief system or primal code: a creation story, creed, icon, rituals, sacred words, a way of dealing with nonbelievers, and a good leader.

CULTURAL BRANDING

Douglas Holt believes that for companies to build iconic, leadership brands, they must assemble cultural knowledge, strategize according to cultural branding principles, and hire and train cultural experts. The University of Wisconsin's Craig Thompson views brands as sociocultural templates, citing research investigating brands as cultural resources. ESPN Zone restaurants tap into competitive masculinity, for instance, and American Girl dolls tap into mother–daughter relationships and the cross-generational transfer of femininity. Experts who see consumers actively co-creating brand meaning and positioning even refer to this as "Brand Wikification," given that wikis are written by contributors from all walks of life and points of view.

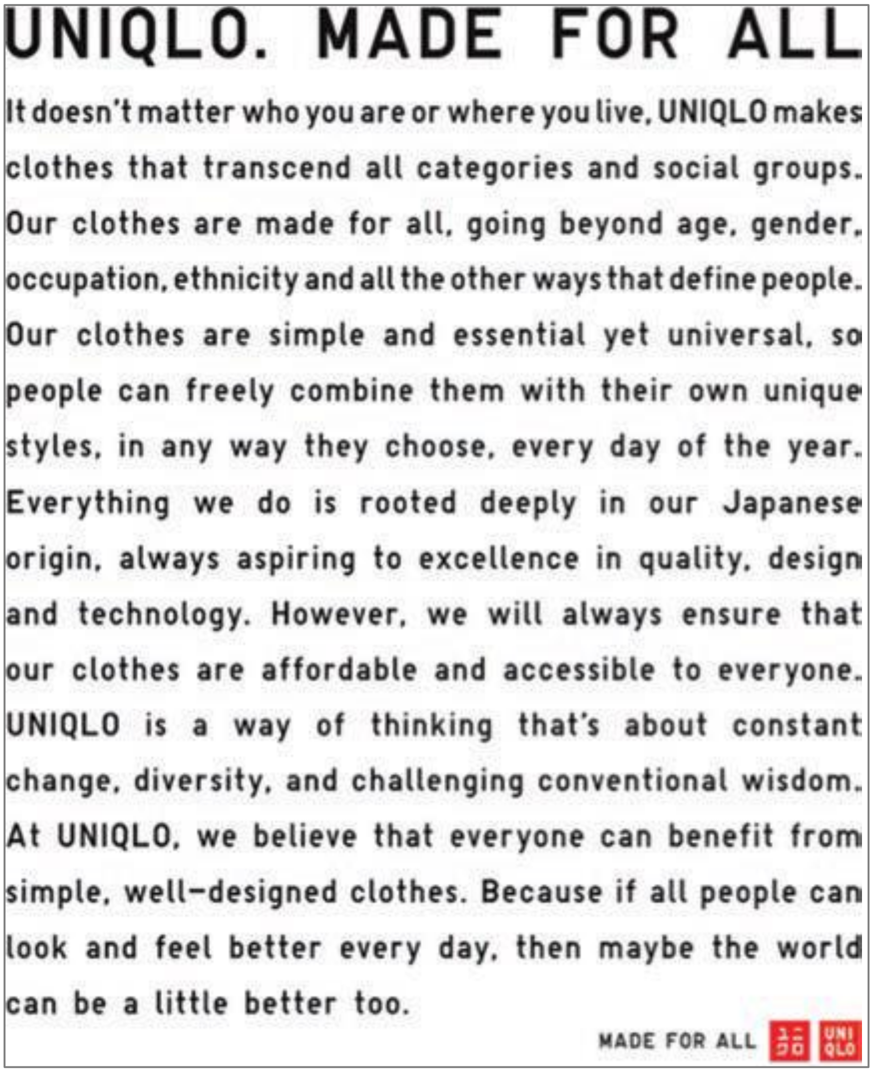
POSITIONING AND BRANDING FOR A SMALL BUSINESS

Building brands is a challenge for a small business with limited resources and budgets. Nevertheless, numerous success stories exist of entrepreneurs who have built their brands up essentially from scratch to become powerhouse brands. Consider the global success of UNIQLO.

>> Uniqlo

Founded by Tadashi Yanai, now the wealthiest person in Japan, UNIQLO (short for Unique Clothing Warehouse) has followed its mission statement and credo of “Made for All” to become a brand with a goal of reaching $50 billion in sales in 2020 and becoming the number-one retailer in the world. UNIQLO stands out … by not standing out! Heavily inspired in its early days by the Gap and its one-time president Mickey Drexler, the company expressly states that it does not want to be in the fashion game of chasing ever-changing trends. With a strong technology emphasis, the company focuses on continual process improvement and the creation of new, innovative products. Its signature mix of fleece, synthetic thermal underwear, down jackets, jeans, and other basics is designed to capture the essence of each type of product. UNIQLO feels it provides the perfect components for its customer’s everyday lives, products they can combine in different ways to create their own unique expressions. The company’s marketing strategy combines active social media campaigns with aggressive in-store activities to connect with customers and pull them into the stores.

By being inclusive and focusing on how its products can fit into consumers’ everyday lives, UNIQLO has experienced remarkable growth.



UNIQLO Made for All Credo

When resources are limited, focus and consistency in marketing programs become critically important. Creativity is also paramount—finding new ways to market new ideas about products to consumers. Here are some specific branding guidelines for small businesses.

• *Find a compelling product or service performance advantage.* As for any brand, demonstrable, meaningful differences in product or service performance can be the key to success. Upstart Dropbox.com has carved out a strong position in the face of a slew of competitors large (Microsoft) and small (Box) that also offer consumers a means to conveniently store massive amounts of documents, photos, videos, and other files, in part by virtue of its convenient single-folder approach to accommodate multiple devices for a user.

• *Focus on building one or two strong brands based on one or two key associations.* Small businesses often must rely on only one or two brands and key associations as points-of-difference for them. These associations must be consistently reinforced across the marketing program and over time. Rooted in the snowboarding and surfing cultures, Volcom has adopted a "Youth Against Establishment" credo that has resulted in steady sales of its music, athletic apparel, and jewelry.

• *Encourage product or service trial in any way possible.* A successful small business has to distinguish itself in ways consumers can learn about and experience. One way is to encourage trial through sampling, demonstrations, or any means to engage consumers with the brand. See's Candies allows walk-in customers to sample any piece of candy in the shop they choose. As one senior executive noted, "That's the best marketing we have, if people try it, they love it." See's uses all fresh ingredients and no added preservatives to create its enticing flavors.

• *Develop cohesive digital strategy to make the brand "bigger and better."* One advantage of the Internet is it allows small firms to have a larger profile than they might otherwise. Urbane Apartments, a property investment and management company from Royal Oak, Michigan, has a virtual prominence that far exceeds its real-world scope. The company boasts a resident-penned blog touting favorite Royal Oak destinations, its own Urbane Lobby social networking site for tenants, and active YouTube, Facebook, and Twitter profiles. Sales for Rider Shack surf shop in Los Angeles increased when the firm began to emphasize Facebook and its Promoted Post service feature as a way to keep the brand in front of people.48 Mobile marketing can be especially important given the local nature of many small businesses.

• *Create buzz and a loyal brand community.* Small businesses often must rely on word of mouth to establish their positioning, but they can find public relations, social networking, and low-cost promotions and sponsorship to be inexpensive alternatives. As discussed in module 5, creating a vibrant brand community among current and prospective customers can also be a cost-effective way to reinforce loyalty and help spread the word to new prospects. Evernote has several dozen "power users" who serve as passionate ambassadors to spread the word about the personal-organization application brand touted by the online company as the everything-in-one-place "external brain" for its customers.

• *Employ a well-integrated set of brand elements.* Tactically, it is important for small businesses to maximize the contribution of all types of brand equity drivers. In particular, they should develop a distinctive, well-integrated set of brand elements—brand names, logos, packaging—that enhances both brand awareness and brand image. Brand elements should be memorable and meaningful, with as much creative potential as possible. Innovative packaging can substitute for ad campaigns by capturing attention at the point of purchase. SMARTFOOD introduced its first product without any advertising by means of both a unique package that served as a strong visual symbol on the shelf and an extensive sampling program that encouraged trial. Proper names or family names, which often characterize small businesses, may provide some distinctiveness but can suffer in terms of pronounceability, meaningfulness, memorability, or other branding considerations. If these deficiencies are too great, alternative brand elements should be explored.

• *Leverage as many secondary associations as possible.* Secondary associations—any persons, places, or things with potentially relevant associations—are often a cost-effective, shortcut means to build brand equity, especially those that help to signal quality or credibility. In 1996, J. Darius Bickoff launched an electrolyte-enhanced line of bottled water called Smartwater, followed in two years by the introduction of Vitaminwater, a vitamin-enhanced and flavored alternative to plain bottled water, and by Fruitwater two years after that. Clever marketing including endorsement deals with rapper 50 Cent, singer Kelly Clarkson, actress Jennifer Aniston, and football star Tom Brady helped drive success. Less than 10 years after its launch, Bickoff 's Energy Brands company, also known as Glacéau, was sold to the Coca-Cola company for $4.2 billion in cash.

• *Creatively conduct low-cost marketing research.* A variety of low-cost marketing research methods help small businesses connect with customers and study competitors (Chapter 4). One way is to set up course projects at local colleges and universities to access the expertise of both students and professors. Many online options exist too.

Unlike major brands that often have more resources at their disposal, small businesses usually do not have the luxury of making mistakes and must design and implement marketing programs much more carefully.

Vitaminwater built its brand, in part, through endorsements from popular entertainers and athletes

SUMMARY

1. To develop an effective positioning, a company must study competitors as well as actual and potential customers. Marketers need to identify competitors' strategies, objectives, strengths, and weaknesses.

2. Developing a positioning requires identifying a frame of reference—by locating the target market and the nature of the competition—and the optimal points-of-parity and points-of-difference brand associations.

3. A company's closest competitors are those seeking to satisfy the same customers and needs and making similar offers. A company should also pay attention to latent competitors, who may offer new or different ways to satisfy the same needs. Industry- and market-based analyses both help uncover competitors.

4. Points-of-difference are those associations unique to the brand that are also strongly held and favorably evaluated by consumers. These differences may be based directly on the product or service itself or on other considerations related to employees, channels, image, or services. Points-of-difference must be desirable (from a consumer standpoint), deliverable (from a company standpoint), and differentiated (from a competitor standpoint).

5. Points-of-parity are those associations not necessarily unique to the brand but perhaps shared with other brands. They help to negate any potential weaknesses for the brand. Category point-of-parity are associations consumers view as being necessary to a legitimate and credible product offering within a certain category. Correlational points-of-parity are associations designed to overcome perceived weaknesses or vulnerabilities of the brand. Competitive point-of-parity are associations designed to negate competitors' points-of-difference.

6. Emotional branding is becoming an important way to connect with customers and create differentiation from competitors. Emotional differences are often most powerful when they are connected to underlying functional differences.

7. Several different alternative approaches exist to position a product or service. These less structured, more qualitative approaches are based on concepts such as brand narratives, storytelling, and cultural branding.

8. Although small businesses should adhere to many of the branding and positioning principles larger companies use, they must place extra emphasis on their brand elements and secondary associations, be more focused, and create buzz for their brand.

>> Nespresso

Nespresso was created in 1986 as a subsidiary of the Swiss group Nestlé. It was initially supplier to the coffee machine market but it was only after its repositioning to the high-end segment of the consumer market that Nespresso became a global success. Today the Nespresso turnover totals close to $3 billion. As of 2014, the brand has more than 300 boutiques in 60 countries across the world.

The success of the brand has been due to a unique positioning in the coffee market, especially its choice of placing itself on the high-end market. The Nespresso system is based on several fundamental criteria: practically designed coffee machines, high-quality coffee, excellent service, and strong and original communication. With this high-end and unique positioning, the company reaches profitability levels that are only recorded in the luxury industry.

Earlier, before the launch of competitors' capsules, a customer who bought a Nespresso machine was obligated to purchase the Nespresso brand capsules. The strategy was efficient because the capsules represented 92 percent of the brand's turnover as compared to a meager 4 percent for espresso machines. Since 2010, they have adapted to receiving capsules from competitors.

While all its competitors sell in retail stores, Nespresso distributes its products only from a distance—through the Internet and mobile devices, or in one-of-a-kind boutiques.

Customers who buy Nespresso machines automatically become members of the brand club. As of now, more than 8 million people belong to this club. They benefit from exclusive offers and limited series, are informed of innovations and creations, and receive a magazine subscription. Nespresso cultivates a sense of belonging to a privileged community that reinforces the brand's positioning.

In addition to selling on the Internet, mobile devices, and in boutiques, other means of distribution have been developed. For example, fully automated distributors called Nespresso Cube have colored walls made of cases of capsules on display with an interactive interface. These cubes are located in prominent European airports, and represent innovative selling and communication media for the brand.

In order to reinforce its high-end positioning, the brand also associates itself with well-established restaurants that are known to focus on authenticity and quality. For example, this high-range machinery equips at least 25 percent of the French restaurants. The chefs, as customer influencers, are also regularly invited to taste new coffees.

Nespresso works with the advertising agency McCann World to create the "ultimate coffee experience" in all its dimensions of communication. The communication strategy of Nespresso strongly contributes to the success of the brand. In Europe, since 2006, actor George Clooney and the famous slogan "what else?" have been synonymous with the brand. Clooney embodies the values and the image of the brand in terms of elegance and prestige. In the U.S., Penelope Cruz is the brand ambassador. In Asian countries, the communication focuses on the fact that Nespresso symbolizes the perfect cup of coffee at home or at high-end restaurants.

The brand's unique and original positioning has allowed it so far to keep the competition—Tassimo (Mondelez), Senseo (Sara Lee), and in particular the Nespresso compatible capsules (today more than 50 brands offer capsules that fit in the Nespresso machines)—at bay. Some competitors tried to use an ecological argument to discredit the brand, saying that Nespresso capsules were very polluting. This led the company to develop its own circuit of recovery of used capsules.

Recently, Nespresso has been facing some serious competition and is at risk of losing market share to Jacobs Douwe Egberts, formed from the strategic merge of the Dutch Douwe Egberts and the American Mondelez. Jacobs Douwe Egberts is the current number one coffee company in the world with a turnover of over $4 billion. In order to reinforce its position in the coffee market and reclaim its spot as the market leader, the Nestlé Group should aim to strengthen the high-end positioning of Nespresso.

>> Philips

Royal Philips Electronics, established in 1891, is one of the world's largest electronics companies and one of the most respected brands. Anton and Gerard Philips started Philips & Co. in 1891 in Eindhoven, the Netherlands by manufacturing carbon filament lamps. Their firm eventually evolved into a global company and today employs a workforce of 116,000 around the world. A market leader in medical diagnostic imaging, patient monitoring systems, energy-efficient lighting solutions, and lifestyle solutions for personal wellbeing, Philips manufactures more than 50,000 products across 100 countries, in which it also operates sales and service outlets. In 2014, the firm reported sales of around $30.97 billion. It offers product content and support in 100 countries and in over 35 languages. With global outreach and products in many areas, Philips needs to develop a borderless style of brand management to solidify its reputation as a global brand. The company has experimented with many different ways of doing this.

The branding of Philips started when Anton Philips created a logo for the company by using the initial letters of Philips & Co. The word *Philips* also appeared on the glass of its metal filament lamps. In 1898, postcards showing a variety of Dutch national costumes were used as marketing tools, with the letters of the word *Philips* printed in a row of lightbulbs at the top of every card. In 1926, Philips introduced a symbol that featured waves and stars. The waves symbolized radio waves, and the stars represented the evening sky through which those radio waves travel. In 1930, the waves and stars were enclosed in a circle as part of the design. To avoid legal problems with owners of well-known circular emblems and to find a trademark that would be unique to Philips, the company eventually created a shield including the circle and word mark, which it has used consistently since the 1930s. However, marketing and advertising have varied across products. Between 1930 and 1995, all advertising and marketing campaigns were carried out at the product level, on a local market basis. The company thus found itself running many different marketing campaigns at once, and not allowing for a global representation of the company.

Between 1970 and 1995, Philips also faced tough competition from up-and-coming Japanese electronics companies, which cut into its market share. Because they had large automated plants, the Japanese companies were able to flood markets with inexpensive consumer electronics. This required Philips to close its less profitable factories and start creating larger and more effective units. The company also closed its business units in defense and home appliances that were not directly related to its core business. To reduce costs, it began sharing its R&D expenses with other large corporations, including AT&T and Siemens AG.

Philips has always been known for its technological prowess and ability to innovate. It is credited with the introduction of innovative products, including the radio, audio cassette, video cassette recorder (VCR), compact disc (CD), and digital video disc (DVD). However, simply being able to use technology in new and innovative ways was not enough for the company. It wanted to become a global brand and champion the idea that technology will improve people's lives.

For this purpose, Philips initiated a new branding campaign, "Let's make things better," that emphasized improving people's lives through technological solutions. The company rolled the campaign out globally in all markets and related the campaign to all its products. This also brought the whole company together, gave employees a sense of belonging, and provided a unified company look for an external audience. The campaign's primary objective was to help Philips connect with people, and in this endeavor it was successful. Nonetheless, the management team was concerned that the campaign did not convey the design excellence or technical superiority of its products.

To identify the perceptions consumers had, Philips undertook a market research study of more than 1,650 consumers and 180 companies, who were customers of Philips around the world. It also undertook research among 26,000 respondents to measure the brand equity. Focus groups and questionnaires helped to (a) identify and test new routes for moving the Philips brand going forward, and (b) enable the company to better understand its current market position. The results showed that consumers believed they could "rely on Philips' products," and that the company did live up to its promise of making things better. The company also discovered that its core target group consisted of well-educated and affluent decision makers between 35 and 55. This group typically disliked the unnecessary hassle often created by new technology and valued simplicity and efficiency in all fields. Its members wanted technology that could get the job done without drawing attention to itself, and were put off by the need to read and understand complicated manuals before trying out their new purchases.

Philips acted on this information by rebranding itself again: The new campaign was called "sense and simplicity." The emphasis shifted to the benefits of technology without the hassle of understanding the technology, and this strategy still characterizes everything Philips does and reflects the market-oriented nature of the company, that is, everything is designed to meet customer needs and consumer insights. The "sense and simplicity" campaign was based on three premises – first, products are designed *around the consumer*; second, they are *easy to experience*; and third, they are *advanced*.

Philips continues to develop new products based on these three premises, and communicates its brand position through advertisements that target the core group with relevant and interesting content. The new brand positioning has proved to be a success. In 2014, the company realized a 5 percent growth in total brand value in Interbrand's annual ranking, its 11th increase in as many years. In 2004, before the launch of the new campaign, the estimate of total brand value was $4.4 billion; by 2014, it had more than doubled to $ 10.264 billion.

ASSIGNMENT

1. What strategies do firms use to try to position themselves on the basis of pairs of attributes and benefits?

2. Why has Nespresso's repositioning on the consumer market led to the success of the brand?

3. Will the unique positioning of Nespresso enable it to resist new competition from Jacobs Douwe Egberts?

4. Evaluate Philips' "sense and simplicity" strategy. What are the risks the company faces in using this tagline?

5. What strategies can Philips follow to ward off competition from Japanese manufacturers of consumer electronics?

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