Positioning, Differentiation & Branding

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Introduction:

Companies have to take decisions regarding positioning the product in the market, they have to decide upon positioning strategies and take important branding decisions. The chapter tries to discuss these concepts at length

Marketing strategies are dependent on segmenting, targeting, positioning decisions popularly known as STP decisions. Positioning the product in the market is a difficult task because if the company fails to prepare proper positioning strategies it may loose its market share and goodwill.

In today's world the customer wants something different and the Branding is a major task in marketing. Companies also try their level best to give unique and different product. Differentiation is related to giving something different to the consumer. Strong brands are the assets of the company. The company has to take utmost care in managing brand because it requires an investment especially in advertising promotion and packaging.

Meaning:

Positioning

Positioning means placing the products in the minds of the customers. Positioning has nothing to do with product but it is related to the minds of the customers. For example when Indian customer eats Cadbury chocolate he always says he is eating Cadbury and he will not say he is eating chocolate. This shows how Cadbury has placed the product in the minds of customer.

According to All rise and Jack Trout some companies positions the product very well in the minds of the customers they hold distinctive place in consumers mind but the competitors cannot take that place. In order to position the product,there are three strategic alternatives.

1. To strengthen company's own current position in customers mind
2. The second strategy is to find out unoccupied position in the market.
3. The third strategy is disposition or reposition the competition in consumer's mindset. For example Rin or Surf Ultra adopts deposition strategy.

Positioning Errors:

The company must avoid four major positioning errors:

1. Under positioning: When the company is positioning the product the buyers must not have vauge idea of the brand

2. Over positioning: Buyers must not have narrow image of the brand. For example middle class customer feels tanisq jewelry is expensive

3. Confused positioning: The Company must not keep on changing its positioning strategies.

4. Doubtful positioning: when the company positions its product the buyers must not feel it is hard to believe. For example if the features of Maruti cars are compared to Mercedes car buyers would find it hard to believe.

Positioning strategies:

There are several strategies based on which a company can position its product.

1. Attribute positioning: A company can position itself based on size and number for example Disney land positions itself as largest theme park.

2. Benefit positioning: The company can highlight the benefits and position the product for example Pepsodent promotes Germicheck or Disprin promotes itself as Dard ka Anth turant.
3. Use of application positioning: The company can position itself as the best for some application or use. For example Mobile phones that gives importance to touch screen.

4. User positioning: It can be positioned based on the characteristics of user.

5. Competitors positioning: the company can position itself by highlighting their product or service better than the competitor's product.

6. Product category: Product is positioned as a leader. For example Colgate tooth paste is positioned as world leader in oral care.

7. Quality or price: The product is positioned as offering the best value for example Big Bazaar has positioned itself as “Sabse sasta sabse Accha”.

Which positioning to promote?

The Company has to decide which positioning strategy to promote for example company has four positioning platforms technology, cost, quality and service, the company has to select one strategy for positioning. The company can compare itself with the competitors and select the strategy in which the company is better than the competitor. The one in which the company has competitive advantage.

Communicating the company’s positioning:

To communicate the positioning to the customer the company must first prepare positioning statement.

A positioning statement starts with concise description of your target market as well as compelling picture of how you want that target market to perceive that brand and the point of difference with the competitor’s brand.
The positioning statement includes

1. Target group need

2. Frame of reference: segment or category in which company competes.

3. Point of difference with the competitors

Differentiation:

Meaning: Differentiation is giving something unique and meaningful to the customers in comparison to the competitor's product.

There can be five types of differentiation:

1. Product differentiation
2. Service differentiation
3. Personnel differentiation
4. Channel differentiation
5. Image differentiation

1. Product differentiation:

A company can use product differentiation in order to differentiate itself from the competitor. The product can be different in form, features, performance quality, conformance quality, durability, reliability and reparability.

Forms: The product can be differentiated based on tangible and intangible attributes or additional features. For example Red Label Natural tea claims to differentiate having five ayurvedic natural ingredients as additional feature.

Features: The product can have completely different feature than the competitor. Harley Davidson has completely different features.

Durability: the marketers differentiate their products taking durability in to consideration for example Ambuja cement gives guarantee of strength.

Reliability: Consumers can be attracted if the product is reliable. Reliability can be used by the company in order to differentiate the product. For example Volvo makes most safe and reliable vehicles in the world.
Reparability: If the company manufactures the products which has standard spare parts and which is easily repairable and replicable. Then it can use reparability as a tool to differentiate its product.

2. Service differentiation:

The Company can gain competitive advantage by providing distinguished services to the customers.

The main service differentiators are:

Ordering ease: It means how easy it is for the customers to place an order in comparison to the competitors.

Delivery: The services or products can be differentiated through delivery. It includes speed accuracy and care in attending the customers. For example Dominos Pizza delivers pizza within one hour.

Installation: Installation means work done by the company to make the product operational. If the installation process is fast and accurate the company can get competitive advantage.

Customer training: Some companies also provides training to the customers so that customers can use companies product efficiently. Maruti Driving school provides training of driving to the customers.

Customer counseling: Those companies which provide continuous support and consultancy to the customers can be different from the competitors.

Maintenance and repair: Customers always likes companies that provide maintenance and repair services. For example Eureka Forbes provides good maintenance service to the customers.

Miscellaneous services: when the company provides miscellaneous services better than the competitors then also it can be differentiated in the market. It includes product warranty annual maintenance contract etc.

3. Personnel differentiation**:**

Employees and company’s personnel helps the companies to gain competitive advantage. For example Singapore airlines is known for its employees.

Better trained employees include six characteristics:

- Competence
- Courtesy
- Reliability
- Credibility
- Responsiveness

- Communication

4. Channel Differentiation:

Company can gain competitive through the way through the way they design their distribution channel, coverage expertise and performance. For example Avon cosmetics or oriflamme cosmetics have gained advantage by efficient marketing channel.

5. Image differentiation:

Company's image and identity creates a special impact on consumers' mindset this helps companies in differentiation. Identity is created by the company and image is created by public. Image differentiation can be achieved through,

Symbols and special attributes and physical plants for example Samsung smart phones have touch screens. The physical plants creates powerful image for example Marriot Hotel differentiates itself base on physical structure.

Events and sponsorship: If the company sponsors an event it creates image differentiation for example Pepsi

IPL. Pepsi co differentiates itself by sponsoring Indian premier League cricket match.

Branding:

Meaning:

It means giving name or identity to the product.

Building brand identity:

It means to take decisions regarding name, logo, colors, tagline and symbol. A brand is more than a tagline, name or logo it is marketers promise to the customer to be honest. The marketer must build mission or vision for the brand. He has to fulfill the contract to be honest with the customer. The seller has to create brand bonding. Brand bonding comes from the experience from brand. Brand cannot be built unless all the employees live the brand, the employees must be trained in order to build the brand.

Building brand in new economy:

(i) The company should clarify the companies basic values in order to build the brand.

(ii) The company should use brands managers to build the brand

(iii) the company should create positive consumer experience

(iv) The company should deliver the feel o f the brand

(v) The customer should feel that brand is valuable to them

Brand equity:

In the markets the brand varies in power and value they have in the market place. There are brands which are not known by the buyers, there are brands which have high degree of brand awareness, there are brands with a high degree of acceptability, and loyalty, and there is brand equity.

Brand equity means preference of one brand over the other and consumers are ready to pay premium price for the product. For example coke lovers are willing to pay 50% extra price over the competitors.

Advantages of brand equity:

(i) The bargaining power of the company increases

(ii) The company can charge higher price

(iii) The company can easily launch brand extension

(iv) The brand also offers defense against price competition.

Managing Brand equity:

The company has to work hard in order to manage the brand equity. The company has to improve brand awareness and quality. It has to concentrate on research and development, advertising and customer services.

Branding Decisions or brand challenges: The branding Decisions are shown in figure 9.

1. Branding decision

   A manufacture should first decide whether to give the name to the product or not. Some of the producers do not brand the product because they cannot afford it.

2. Brand sponsor decision
   The responsibility of the brand is to be taken either by the owner or by the distributors normally, the company takes the responsibility of the product otherwise the

distributors. e.g. Blue star & Voltas are the distributors. There can be licensed brand also.

3. Brand name Decision or family brand decision

There is a family for brand which consists of various products.

The manufacturer has to adopt 4–strategies in respect to family brand decisions.

(i) Separate branding for each product. e.g. Hindustan lever Ltd. The products are Lux, Surf Excel, sunsilk shampoo etc.

(ii) Same family name for all the products: Blanket family name. for example Heinz and General Electronic gives same name to the product.

(iii) Separate family names for all the products: The company uses separate family names for all the product for example Sears follows this policy. Kenmore for appliances and craftsman for tools.

(iv) Company's name used with individual brand. That means the company us. Separate brand name for the same product but the name of the company is attach to it. e.g. Welcome group Maurya Shareton in Delhi, welcome group fortune landmark in Ahmedabad.

4. Brand strategy decisions:

Line extension decision: Existing brand name can be extended to new size or flavors in existing product categorye.g. Surf to Surf excel and surf excel to surf ultra to surf excel matic.

Brand extension decision

Here the producer has to be taking the decision about extending the brand. Same brand name is extended to new product. For example Maruti Swift to Swift Desire.

Multi brand decision

Here the same product is given different name by the same company.
For example : Soaps are given different names like lux,Human and rexona.

New brand name: The Company gives new brand name to new product.

Cobranding: Here the company combines two or more brand names

5. Brand Repositioning Decision

Here the manufacturer positions the brand again in the market because it failed earlier when it was placed in the market.

Summary

This chapter gives an idea about various types of positioning strategies, different positioning errors and communicating positioning strategies it also gives an idea about differentiation and various types of differentiation. Apart from this the chapter gives understanding of meaning of branding, brand identity, branding in new economy, brand equity, and brand various branding decisions.

The companies decide how to place the product in consumers mindset, they decide upon various differentiation strategies to offer something unique to the consumers they

decide on various branding strategies and popularize the brand among the customers. Thus the strategies for positioning, differentiation and branding will help the marketers to become successful marketers.