

# UNIT 95 – UPSC - Positioning and differentiating the market offering (Marketing Management)

Differentiation and positioning considerations are significant components of the marketing which makes company's product and services unique in competitive market place. Differentiation is used when describing the individual product and positioning while explaining the brand, but both expressions basically represent rising above competition by highlighting the characteristic features of company product or brand. Theorist, Tan stated that differentiating and positioning strategy for the market offering is a new stage for a marketing plan after the concept of consumer orientation-marketing plan (2000). Other researchers affirmed that Differentiation and positioning are closely related strategies and employed with alignment of each other.



**Differentiation:** In differentiation, the attempt is to endow the product offer with certain distinct qualities which in turn offer some special value to customer. Companies attempt to bring about differentiation in their products to give better value to their consumers. Marketers try to stress aspects of product differentiation to guarantee that customers see their product as different from their competitors' products. Marketers use goods, services, delivery channels and positioning strategies to discriminate their products. Differentiation can be based on differences in quality, features, style, price, or can be even based on the image of the product in the mind of the customer. Kotler describes differentiation as the process Differentiation is the process of adding a set of meaningful and valued differences to differentiate the company's offering from competitors offering. There are a number of differentiation dimensions and strategies for their achievement.

## Differential Tools include

**Product:** Form, Feature, Performance, conformance, Durability, Reliability, Reparability, Style and Design. Product differentiation concentrates on the elements of a product that makes it dissimilar from the competing brands. A product can be distinguished on the basis of its physical form, features and product quality, apart from its other characteristics such as price. The physical form

of the product includes its size and shape. Product features are the characteristics that allow a product to execute certain functions. Company can make its products different by adding or removing certain features. Product quality denotes to the overall characteristics that facilitate the product to perform according to the anticipations of customers and satisfy their needs.

**Services:** Customer service can be improved by 24-hour customer feedback through e-mail and the ability to respond more quickly to customer concerns. Home delivery of groceries, online banking, and securities trading are becoming increasingly popular. Currently such services supplement traditional services, but may someday replace them.

**Personnel differentiation:** In personal differentiation, the internet allows companies to deliver products more efficiently. There is a Low-cost channels, automated processes, reduced dependence on personnel and lower transaction cost.

**Channel:** In this strategy, the internet is a location-free, time-free distribution and communication channel. There are functions as a communication channel for companies that provide product or service information online. The internet serves as a transaction and distribution channel for companies that conduct online commercial transactions. The internet becomes the entire distribution channel for digital products.

**Image:** It includes symbols, Events and Sponsorships. In image differentiation, company can distinguish itself by creating exceptional experience online, called "experience branding". Through experience branding firms can better retain customers, target key segments, and enhance profitability. Build-a-Bear extends its offline experience online. Some Web sites invite users to upload content and comments, which gives them a competitive edge.

## Differential Variables

Many times, marketers face problems to differentiate on the basis of the product alone. Therefore, marketers initiate differentiation based on services offered with the product. These services include ease of order, delivery, installation, financial arrangements, customer training, warranties, repair services, maintenance and disposal of the product. Companies invest huge amount of money annually to train their employees. Training employees assist them serve the customer better and this can facilitate the firm in creating a difference in customer experience.

## Differentiation Strategies

Trout and Rivkin recommend particular differentiation strategies common to offline and online businesses:

- Being the first to enter the market.
- Owning a product attribute in the mind of the consumer.
- Demonstrating product leadership.
- Utilizing an impressive company history or heritage.
- Supporting and demonstrating the differentiating idea.

- Communicating the difference.

There are numerous differentiation strategies distinctive to online businesses:

1. Site Environment/Atmospherics: Easy downloads, accurate and clear information, easy navigation.
2. Build Trust: Strong brand recognition. Privacy policy. Safe and encrypted payment process for transactions.
3. Efficient and Timely Order Processing.
4. Pricing: In the early days of the Web, companies offered discounts as purchase incentives. Majority of firms today differentiate themselves in other ways besides pricing.
5. Customer Relationship Management: Managing long-term relationships with customers. Invite User-generated Content. The key is to trust customers, listen, respond, and learn.

Company can accomplish a dissimilar differentiation for its products through sufficient distribution channels and on the basis of its recognition. Image is the way in which people observe a company and its products. An effective image establishes the product's character and value positions. Companies use different tools like symbols, events, print and mass media, and communication channels to communicate the image of the product to customers.

There are five market differential strategies: A new technology offer adequate for differentiation in market. In current marketplace, differentiating based on healthy relationship with customers is powerful.

**Positioning:** Positioning is the procedure of developing the company's offering and image to gain unique place among the target market. The objective is to discover the brand in the mind of consumers to exploit the potential benefit to the firm (Kotler and Keller, 2009). Successful formation of a customer-focused value proposition is the result of positioning, a forceful reason to purchase the product. Positioning requires the similarities and differences between brands be defined and communicated. Kerin et al. (2009) recommend two approach for positioning a product in the market. "Head-to-head positioning" involves directly competing with competitors on a similar product attributes in the same market and "Differentiation positioning" involves seeking less competitive, smaller market niche in which to locate a brand. The most important component that communicates the differences between one product and another is the brand, besides that, three other important bases are product descriptors, customer support services and image. Products can also be distinguished on the basis of positioning. A product's position is the customer's observation about the product's characteristics in relation to the attributes of competing brands. Product positioning is the process that marketers use to decide the best way to communicate the qualities of their products to their target customers which is based on customer requirements, competitive pressures, available communication channels and cautiously crafted main messages. Successful product positioning makes sure that marketing messages reverberate with target consumers and force them to take action. Product positioning becomes a normal selection when company indulges in market segmentation. A company should develop a unique selling proposition (USP) for each of its brands.

Several factors affect firm's decision regarding which positioning base it must use. Figure below provide four step processes that can be used in positioning of firm's product.

## Positioning process

Positioning is the process of creating a desired image for a company and its products in the minds of a chosen user segment. Theoretical studies have been conducted by several researchers. Ries and Trout (1986) differentiate from marketing theories and asserted that positioning is not what is done to a product. Positioning is what you do to the mind of the prospect. Positioning starts with a product. Kotler (2006) describes positioning as the act of designing the company's offer so that it occupies a different and valued place in the target customers mind. Scholars Kotler, Armstrong (2006) confirm that market positioning is arranging for a product to occupy a clear, distinctive, and desirable place, in the minds of target consumers, relative to competing products. Thus, marketers plan positions that distinguish their products from competing products and give them the greatest strategic advantage in their target markets. The objective of positioning is to create a unique and positive image on target customers.

## Product Positioning Steps

In other words, Positioning is developing a specific marketing mix to influence consumer's overall perception of a brand, product line, or organization in general (Lamb, Hair, McDaniel 2004).

The e-marketer's aim is to make a position on one or more bases that are appropriate and important to the consumer. Companies can position brands, the company, the CEO, or individual products. Company has three main options while designing its Positioning strategy.

1. Positioning product against competitors,
2. Emphasizing a distinctive unique benefit and
3. Affiliating product with something the customer knows and values.

Positioning is a challenging job for marketers and mistakes in positioning can obstruct the reliability of the company and lead to a loss of the product's image in the market. Therefore, marketers must have to be very cautious while positioning their products. Major positioning errors that can occur include under-positioning, over-positioning, doubtful positioning and confused positioning. Once a company has created a position for the product or service in the mind of the customer, it must converse it successfully to its consumers.

## Strategies of Positioning

- Product or service attribute
- Technology positioning

- Benefit positioning
- User category
- Competitor positioning
- Integrator positioning

To summarize, Differentiation and positioning are vital for company's productivity. If organization does not distinguish its offerings and position them clearly in consumer's mind, then it must compete only on a price basis. The Differentiation strategy is where a company decides to select a certain characteristic of the product to focus on. Positioning plays significant role when reaching the desired place in the mind-sets of potential and active consumers. Academicians designated that a differentiated marketing strategy can develop brand loyalty resulting in a high rate of repeat purchases because it fulfil needs of each consumer segment. It can also help a new brand to gain traction in a saturated market. But differentiated marketing strategy may not be cost-effective for small manufacturers, as conducting the suitable market research and developing several brands at the same time can be costly. Positioning is the process by which a brand is marketed with the aim of owning a meaningful and differentiated idea in the mind of the target. Basically, Positioning strategy describes the procedures, tools and strategies used by a business to differentiate itself from competitors and gain market share. In an ultra-competitive market, positioning strategy is often the difference between failure and success. Product positioning engages creating an exceptional, reliable, and recognized customer perception about a firm's offering and image. A product or service may be positioned on the basis of thoughts or benefit, use or application, user, class, price, or level of quality. It targets a product for particular market segments and product requirements at accurate prices.