

COMPANIES WITH MARKET POSITIONING BRANDS

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ABSTRACT: Positioning a company on the market by the usage of brands is defined as the act of designing the supply and its image on the market, so as to occupy a distinct place in the minds of their target audience. The role of positioning in developing marketing strategy to differentiate products and services involves the selection of attributes that are considered important for consumers. In order to gain a strong position on the market the companies must perform a market analysis, an internal analysis and a competition analysis.

Key words: positioning; market; company;

Jel codes: M31; M37;

Introduction

Positioning a company on the market by the usage of brands is defined as the act of designing the supply and its image on the market, so as to occupy a distinct place in the minds of their target audience. Understanding and applying the principles of positioning is essential for developing an efficient position against the competitors, so the marketers must find answer to the following questions:

- What is the company's image in the eyes of our current clients?
- How is the company's offer perceived by the potential customers?
- What are the elements that differentiate the company's offer against the bids of its main competitors?
- What is the company's target segment?
- Which are the necessary changes to be made in order to strengthen the competitive position within the aimed market segment/segments?

Developing and communicating a positioning strategy

For the position of the offer on the market to be recognized by the consumer and creating a distinctive image of the company, marketers must achieve a company's positioning strategy based on segmentation, targeting and implementation.

These positioning strategies are particularly important in trying to conquer a market segment and therefore they must be developed correctly, otherwise the company's position on the market will not be correctly, the market will be confused, not knowing what to expect.

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Table no.1

Examples of strategies for positioning the brands

Company	Target segment	Advantages	Price	Brand of the market
Transavia S.A.	Consumers of chicken meat interested in quality	Freshness and quality	10% above market	Transavia – chicken meat Ella Bella, Papane – semi cooked products
Antik Pizza	Pizza lovers primarily interested in the promptitude of the services	Speed in delivery and high quality of the services	5% above market	Antik Pizza – George pizza

Source: adapted after a table by Philip Kotler

The word “positioning” was popularized by two advertising professionals, named Al. Ries and Jack Trout. In their view the positioning of the brand starts with a product, a company, service etc. and it refers to what happens in the mind of the potential buyer. The message transmitted by those two was “place the product in the mind of the potential buyers”.

In order to position a brand on the market you have to establish a membership category – the products competing with the brand and those which work as close substitutes.

The role of brand positioning in developing the differentiation strategy

The role of positioning in developing marketing strategy in order to differentiate products and services involves the selection of attributes that are considered important for the consumers. These attributes can be those related to: product performance, level of utility, the price and its accessibility.

To enhance the attractiveness of a product for a particular market segment, the brand must meet the following qualities: high perceptibility ensured by a legible and harmonious nature, uniformity in relation to all media and marketing mix, to be distinctive in relation to other brands, to be personalized by the usage of symbols and distinctive elements chosen according to the target segment.

Advertising plays an important role in positioning a company’s brand, but it will probably play only a secondary role in consumer’s decision process.

The link between market analysis, competitors and the company as a whole is achieved by positioning the brand on the market through its pivotal role. Depending on the type of business, positioning can be developed on various levels. For service companies which have more branch offices and more products will be considered the entire company, a certain branch office or a particular service provided by this branch office. It is crucial to have certain adequacy between the positioning of various provided services and the same location because one’s image can affect the other. For example, if the Staer store from Alba Iulia would not provide guarantee for its products, the conflict between service production/sales and warranty service entails the decline of the brand on the Alba Iulia market.

A well developed and implemented brand positioning strategy will help the consumers to create an accurate and clear picture of products/services provided by a company on the market.

To avoid the failure of a brand, marketers can differentiate brands through product, personnel, distribution and image. Choosing the target position on the market must be treated with great importance because a mistake in its selection implies the development of a marketing plan to achieve and maintain this position. This mistake may cause adverse consequences in both the

development of the company and its brand image that is intended to be developed on a market. Below, we present some target errors and their consequences:

- One or more products of a company are driven on a position where they are facing fierce competition.
- The product of the company is designed for a position with a low demand.
- There is no clearly defined difference between services/products offered by the company and its competitors and therefore the situation of confusing the customers may appear.
- Services/products provided by the company were not publicized or made known by other means of advertising, which entails an ignorance of it in the minds of the customers and hence the lack of position on the market.

Internal analysis, the market and competition analysis

When selecting and developing an effective positioning strategy, marketers need a series of researches and analysis of market trends. These researches and analyses aim at transmitting the necessary information for creating the value, marking the opportunities and threats which concern the company if it faces a competitive market.

When analyzing the market, specialists take into account factors affecting the demand, its level and fluctuations. All these elements are analyzed according to their geographical distribution. Here can be found questions like: “The demand increases or decreases?”, “The demand varies depending on the location (regional, international ...)?”. Also here should be studied other assumptions of market segmentation, with the same title as: approximate size and potential of different segments of the market. Depth research is needed to identify customer needs and preferences within each segment of the market, and also to know how they perceive the company’s brand in relation to the marks of the main competitors.

The main uses of brand’s positioning analysis

Developing an analysis for positioning the brand on the market finds its usefulness in (fig.no.1):

1. Defining the relations between products and markets:
 - Distinguishing the differences between the competition’s products and offers on specific elements by comparing them;
 - If the performance of the product meets the consumer’s needs and expectations on specific performance criteria;
 - What can be the expected consumption level set for the product itself, to a set of features proposed for a certain price.
2. Identifying market opportunities for:
 - a. Introducing new products
 - Which is the chosen target segment?
 - What are the elements proposed to differentiate the brand of our own products against the brands of our main competitors?
 - b. Repositioning existing products
 - The product is still addressed to the old market segment or the company must find and attract other market segments?
 - What elements did not had the desired effect in the process of positioning on the market and should therefore be removed or modified?
 - What are the elements that need to be added in order to strengthen the brand’s image on the market?
 - What are the specific characteristics of the product that must be highlighted in the advertising process so that they create a direct image of the product and thus a consumer's purchase desire?

- c. Elimination of products
- What are the products that do not satisfy the consumer's needs anymore?
 - What products are facing an excessive competition and from this reason are not consumer's favorites anymore?

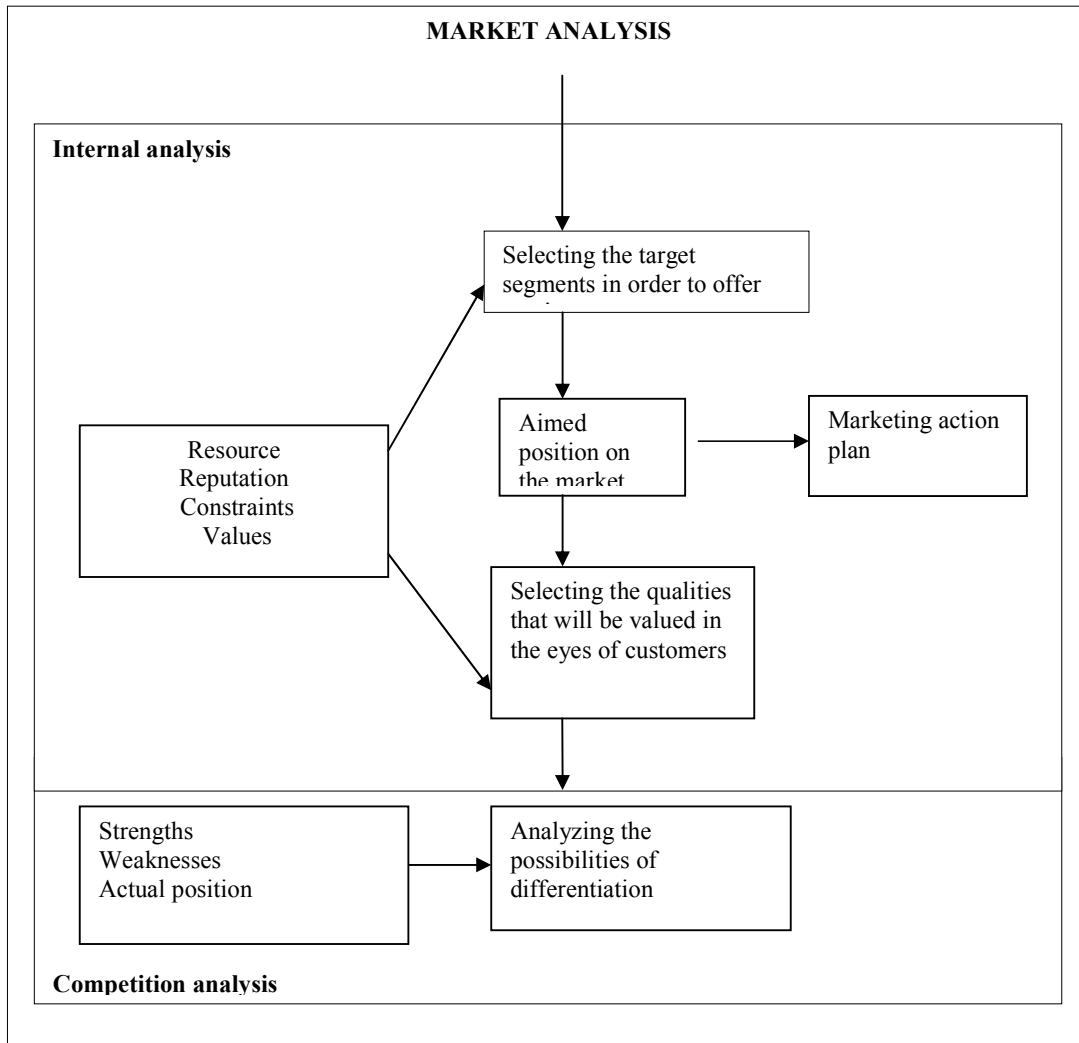


Fig. no. 1. – The analyze of brand positioning strategy on the market

Source: adapted after a scheme by Michael R. Pearce

3. Taking other marketing mix decisions to overcome or to respond to certain strategies applied by the competition:

- a. Distribution strategies
- Distribution strategy involves, at first, the existence of locations and the development of a certain type of outlets.
 - Distribution strategy is involved in the product's availability on the market.
 - Which target stores are easier to persuade that the product provides a significant competitive advantage in terms of items of importance?
 - What kind of distribution can be used, direct or indirect distribution? What are the advantages/disadvantages of each?
- b. Price strategies
- The level of the price must be fixed for the products offered on the market.

- Establish payment and billing procedures that will be used.
- c. Communication strategies
 - What message(s), attributes should be emphasized and what competitors (if any) should be retained as a basis of comparison for these items?
 - What media will be used: home sale or the media plan? (Selected for their ability to vehicle message to target audience, but also for their ability to enhance the product image).

Competition analysis

The identification and quantitative (the evolutions of the key figures as part of the market, turnovers as in numbers and volume, size and depth of product ranges) and qualitative analyze (analysis of competitors mix, competing products and brand perception ...) of competitors will help the marketers to evaluate the strengths, weaknesses, opportunities and threats. This will allow them to define their potential to differentiate their own brand from those of the main competitors. This information will serve to achieve the internal analyze of the company. This thing will lead to knowing the type of differentiation and existing competitive advantages and, therefore, of those to be retained and emphasized for each target segment. The analysis must also take into account the direct and indirect competition.

When a company analyzes its competitors the following variables should be monitored:

1. Market share – it represents the share owned by the analyzed competitor from the total target market.
2. Relational share – it represents the percentage of customers who have named the competition when it has the same sector of activity.
3. Sensitive share – it is represented by the percentage of customers who would prefer to buy products from competitors.

Positioning formulation

The result of these three analysis forms will define the position preferred by the firm on the target market. After establishing it, marketers will be able to develop a specific action plan. The cost of implementing this plan must be weighed against the financial forecasted consequences. Before launching a specific action plan it must be taken into account the fact that one or more competitors will target the same position on the market. The best way to predict the position of the brand on the market is to identify all its competitors (actual or potential) and develop an internal analysis of each of them. Analyzing the information obtained from the current data and from competitive analysis, marketers will form a solid idea of how competitors are likely to act and will know if a reconsideration of the situation is needed.

Placements are rarely static: they evolve over time in response to changes in market structure, technology, competitive activity and the development the company itself. Many companies adopt a strategy of evolutionary repositioning, adding or removing services and target segments. Some companies have reduced the offer and gave up certain activities to remain as much as possible with their main activities. Others have extended the offer hoping to increase sales and attract new consumers. For example, gas stations have installed small stores with a very practical schedule. In parallel, supermarkets and shops have created banking services. Advanced technology provides the opportunity to introduce many new services or new delivery systems.

A company whose brand knows a real success, consumers trust, can extend the position based on perceived quality of a particular service on a variety of related services associated under the umbrella-brand.

Conclusions

The brand is the essential element in completing the decision making process when purchasing the products by the consumers.

To have success on the market a company's products and offers must be emphasized and distinguished from competitors. For doing this, is necessary for the company to realize the positioning of the brand on the target market.

For a correct position of a brand on the market it must be elaborated a development of extensive marketing studies. These studies analyze the competition over the target segments and develop a strategic plan for positioning the brand.

Any error occurring either in the analysis processor or in the elaboration process of developing positioning strategy implies the decline of the brand in the consumer's mind.

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