

## POSITIONING: THE ESSENCE OF MARKETING STRATEGY

Choosing how to position a product or service is one of the most important decisions a marketer makes. A positioning statement indicates how you want customers to think about your product/service/brand relative to competitors (i.e., the position you want your brand to occupy in the target market's mind). A positioning statement is not your competitive position. In his book, *Selling the Invisible*, Harry Beckwith states: "A position (or statement of position) is a cold-hearted, no-nonsense statement of how you are perceived in the minds of your prospects. A positioning statement, by contrast *expresses how you wish to be perceived*. It is the core message you want to deliver in *every* medium" [emphasis added]. If you do not actively and accurately communicate how you want your product to be positioned in your customers' minds, your customers will position the product themselves, for themselves—perhaps with the "help" of your competitors. This note presents the fundamentals of positioning, as expressed in a positioning statement.

### Elements of a Positioning Statement

A positioning statement is not an advertising strategy, a slogan, or tag line. It is an internal document, and is often very dull and straightforward. But that's the point—a widely communicated and widely accepted positioning statement keeps everyone inside the company aligned with respect to the focal product or service. No embellishments. No hype. The positioning statement guides the development of marketing communications to reach the target customers. It is not a marketing communications piece.

Writing a positioning statement is an art. There are many templates and approaches to help you. (See **Appendix 1** for examples.) This note follows this popular template:

"Among [target market], [x] is the brand of [frame of reference], that [point of difference] because [reason to believe]."

For example: "Among snackers, Snickers is the brand of candy bar that satisfies your hunger because it is packed with peanuts."

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Filling in the blanks in the template is not as easy as it may seem. Each element represents an important strategic decision that must not be taken lightly and is often subject to much debate. Let's consider each element:

- *Target market*: There are many possible target markets for Snickers: Snackers? Busy people? Hungry people? Five- to 103-year-olds? Chocolate lovers? The target market decision should be made prior to developing a positioning statement, so settle that issue first. You are concerned about how your product is positioned in the mind of your target, not the whole world.
- *Frame of reference*: The frame of reference reflects how you define the market in which your product competes. Often, this is expressed as a product category, but just as often the frame of reference is a customer need. Again, there are many options for Snickers: Is Snickers a candy bar? A chocolate candy bar? A chocolate, caramel, and peanut candy bar? A snack? A source of energy? An indulgence? Food? A meal? In 1984, Snickers became the “official *snack food*” of the 1984 Olympics (emphasis added). The frame of reference should be as large as can be, within reason. It's enlightening to consider the strategic implications of several frames of reference before settling on any one because each invokes different customers and competitors. It can sometimes be beneficial to frame your product in terms of what it is not, and invoke the frame of the larger category. For instance, in a recent ad with the headline “Good Morning,” Diet Coke is presented as an alternative to coffee—a can of Diet Coke is shown wrapped in a cardboard sleeve typically used on take-out coffee cups. In another ad in the series, three cans of Diet Coke stand against a black background. The headline is “Three Hour Meeting.”<sup>1</sup>
- *Point of difference*:<sup>2</sup> Within the frame of reference, your product must be different from competitors on one or more dimensions that are meaningful to customers in your target market. This is your point of difference. Ideally, you would specify the single most compelling and persuasive reason your target customer would purchase your product over any other product. This reason should be unique to your product and you should commit to maintaining the distinctiveness so long as it is meaningful to customers. The point of difference is your “promise” to customers; it is the essence of your value proposition. (This assumes your offering is at a “point of parity” with competitors on other important dimensions, especially “price of entry” dimensions.) The point of difference for Snickers is its ability to satisfy one's hunger. Chick-fil-A, a fast-food chain, has been very successful positioning its mostly-chicken menu against hamburger-oriented chains within the fast food category.<sup>3</sup> Chick-fil-A cows encourage customers to “eat mor chikin.”<sup>4</sup> The Chick-fil-A cows were inducted into the Advertising Hall of Fame in April 2006.

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<sup>1</sup> [http://www.dietcoke.com/images/ads/pdf/3\\_hour\\_meeting.pdf](http://www.dietcoke.com/images/ads/pdf/3_hour_meeting.pdf) (accessed January 20, 2009).

<sup>2</sup> Kevin Lane Keller, *Strategic Brand Management*, 3d ed. (Upper Saddle River, NJ: Prentice Hall, 2008), 110.

<sup>3</sup> In 2004 Chick-fil-A added two non-chicken (but still non-beef) items to its breakfast menu: a sausage biscuit and a bacon, egg, and cheese biscuit.

<sup>4</sup> <http://www.chickfila.com/thecows> (accessed January 20, 2009).

- *Reason to believe:* Customers have to believe that your brand can deliver the point of difference. Why should they believe you? What evidence can you offer to make your product's point of difference believable? The product's functional, economic, and/or emotional attributes must be credible to assure customers that the brand will deliver on its promise. The reason to believe is something that is inherent in the product or your company that customers associate with your ability to deliver the promised point of difference. Why is a Snickers bar able to "satisfy you"? Because it is "packed with peanuts."<sup>5</sup>

*NB: Go to <http://www.sealedair.com> or <http://www.cisco.com> (click on "Why Cisco"). You'll find the positioning template is as relevant in business-to-business settings as it is in the consumer-products environment. Also see <http://www.marriott.com> to see how Marriott positions its various products to business people and leisure travelers, recognizing that business people often travel for leisure and leisure travelers may travel for business.*

## Complications

What if you have more than one target? You want to reach target customers who would buy a Snickers to satisfy their yearning for a chocolate indulgence *and* those who would eat a Snickers for the energy boost. This is especially complicated if any one person might buy a Snickers for one reason one day and for the other the next day. At one extreme you might want a different positioning statement for each target market. If so, the various statements must not clash with each other. At the other extreme, you could have one positioning statement such as "Snickers satisfies" that would work for all targets. Note how Snickers uses the energy and satisfaction theme for its line extension, Snickers Marathon energy bars. "Life is exercise, Snickers Marathon is energy."<sup>6</sup>

What if it is a combination of attributes that make up your point of difference? You may need a more complex positioning statement and marketing communications to match. Michelin positions its LTX A/T2 tires to light truck owners with the tag line "Off-Road Traction, On-Road Comfort."<sup>7</sup>

What if there are multiple decision-makers? Easy Mac is usually purchased by moms, often at the request of kids. Kraft's positioning takes both moms and kids into consideration. From the Easy Mac Web site: "Moms. Make your life easier with Kraft Easy Mac. It's the same great Kraft macaroni and cheese taste your kids love...Kraft Easy Mac is ready when kids are."<sup>8</sup>

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<sup>5</sup> See <http://www.snickers.com>. Click on Products and note how consistently "peanuts" and "satisfaction" are used across the four varieties of Snickers, including Snickers Almond.

<sup>6</sup> [www.snickersmarathon.com](http://www.snickersmarathon.com) (accessed January 20, 2009).

<sup>7</sup> <http://www.michelinman.com/tires/light-truck/ltx-at2/> (accessed January 20, 2009).

<sup>8</sup> <http://www.kraftfoods.com/krafteasymac/> (accessed January 20, 2009).

### Vetting the Positioning Statement

At the outset, we said a positioning statement reflects how you want your product or company to be perceived in the minds of customers. Except for the very newest products from very new companies, your product and company and your competitors probably already occupy some position in consumers' minds. No matter how much Red Roof Inn's management might want to position the inns as luxurious, its long-standing reputation for "value, consistency, and quality"<sup>9</sup> makes "luxury" a stretch, and is probably one market that Red Roof Inn management has no intention of pursuing.

The following six criteria are useful for vetting your positioning choice:

Relevance: Do consumers care?

Clarity: Will consumers "get it"?

Credibility: Will consumers believe it?

Uniqueness: From our consumers' viewpoint, does it set us apart from our competitors in a meaningful way?

Attainability: Can we deliver? Are our claims consistent with our performance?

Sustainability: Can the position be maintained over time?

### Final Comments

A positioning statement is a statement of strategy. Good positioning statements come from good analysis of the company, the competitors, and customers—the past, present, and future. *Perceptual mapping* is a popular method for understanding your product's position vis-à-vis competitors in the minds of your customers. Perceptual mapping is described briefly in **Appendix 2**.

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<sup>9</sup> <http://www.redroof.com> (accessed January 20, 2009).

Appendix 1

**POSITIONING: THE ESSENCE OF MARKETING STRATEGY**

Examples of Templates for Positioning Statements

From *Brand Simple*, by Allen Adamson<sup>1</sup>

- Decide who you're talking to, who you want to beat, and how you're going to beat them.
- Template: To [who you're talking to], *x* is the brand of [who you want to beat] that [how you are going to beat them.]
- Example: To value-conscious consumers of all income levels, Target is the brand of discount retailer that delivers great design at reasonable prices.

From Geoffrey A. Moore while he was a partner at Regis McKenna

For [target end user], who wants/need [compelling reason to buy], the [product name] is a [product category] that provides [key benefit]. Unlike [main competitor], the [product name] [key differentiator].<sup>2</sup>

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<sup>1</sup> Allen P. Adamson, *BrandSimple: How the Best Brands Keep it Simple and Succeed*. (NY: Palgrave Macmillan, 2006), 74–6.

<sup>2</sup> <http://www.growthconnection.com/Examples-Of-Positioning-Statements.htm> (accessed January 20, 2009).

## Appendix 2

**POSITIONING: THE ESSENCE OF MARKETING STRATEGY**

## Using Perceptual Maps in Positioning

Perceptual maps are used to answer strategic questions such as “How do customers or potential customers view our brand? How do they view our competitors? What brands are our closest competitors? What attributes are most important in distinguishing among brands?” When there are multiple competitors and multiple relevant dimensions of comparison (or the dimensions are not known), perceptual mapping provides a structured, systematic comparison of alternatives. A perceptual map is a two-dimensional graphic that shows the relative location products or brands occupy in the minds of consumers. The word “map” evokes the geographical, locational aspect of positioning. Thus, perceptual maps are often called positioning maps. Perceptual mapping has been around for about 30 years and is used in marketing, medicine, anthropology, politics, and many other disciplines, demonstrating once again how well pictures communicate.

There are many ways to gather data to generate a perceptual map. Three are presented here: (1) *attribute ratings*, (2) *attribute associations*, and (3) *similarity judgments*. For an informative note on producing these maps, see Ron Wilcox’s “Producing Perceptual Maps from Data,” (UVA-M-0665).

**Attribute Ratings**

When brand ratings are determined by consumers’ rating of each brand on attributes, a statistical technique called multiple-discriminant analysis (or factor analysis) is used to find the optimal weighted combination of attributes that best discriminates among the set of brands that are rated. The set can also include an unnamed brand that consumers use to represent their “ideal” brand. The attributes are represented in space by the two axes of the perceptual map. The axes are labeled using information regarding which attributes contribute most to the variance explained by each axis. The success of this method depends on the researcher’s articulating the most meaningful dimensions to have consumers rate—and on consumers’ ability to think of brands in the terms the researcher has chosen.

Imagine you are the brand manager for the hypothetical Green Ox, a new drink that has all the properties of a sports drink but, unlike other sports drinks, Green Ox contains antioxidants.<sup>1</sup> As part of your prelaunch analysis, you commission research with potential consumers, who sample Green Ox and then rate it and potential competitors (broadly defined) on a number of attributes. The analysis results in two perceptual maps, shown below. One (**Figure 1a**) is based on study participants who liked Green Ox; the second (**Figure 1b**) shows the perceptions of those who did not like it. What do the perceptual maps suggest regarding how you would position Green Ox?

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<sup>1</sup> See “Green Ox,” (UVA-M-0722) by Moore, Wilcox, and Henderson.

Appendix 2 (continued)

Figure 1a. Perceptual map based on consumers with favorable attitudes toward Green Ox.

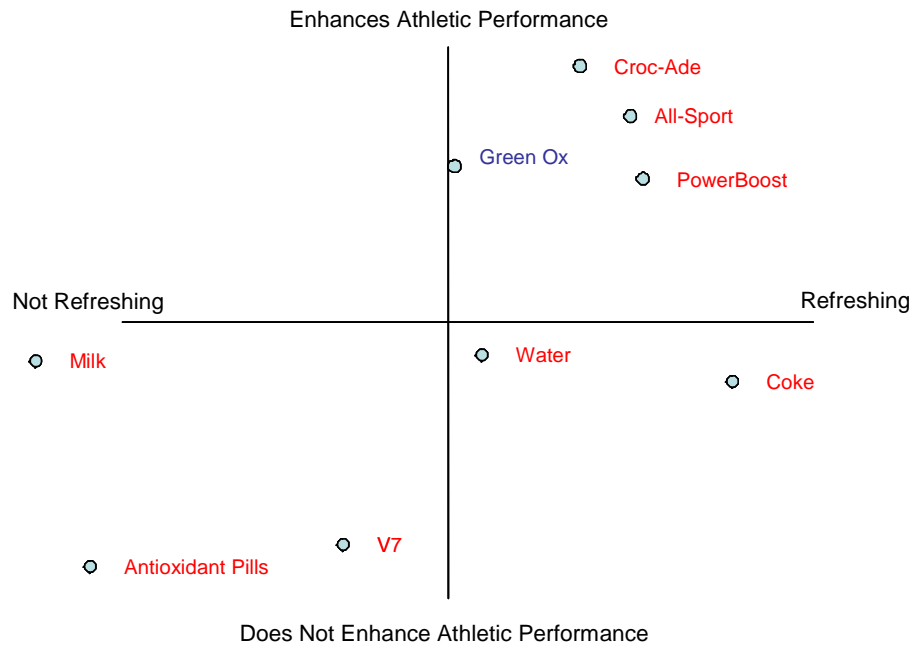
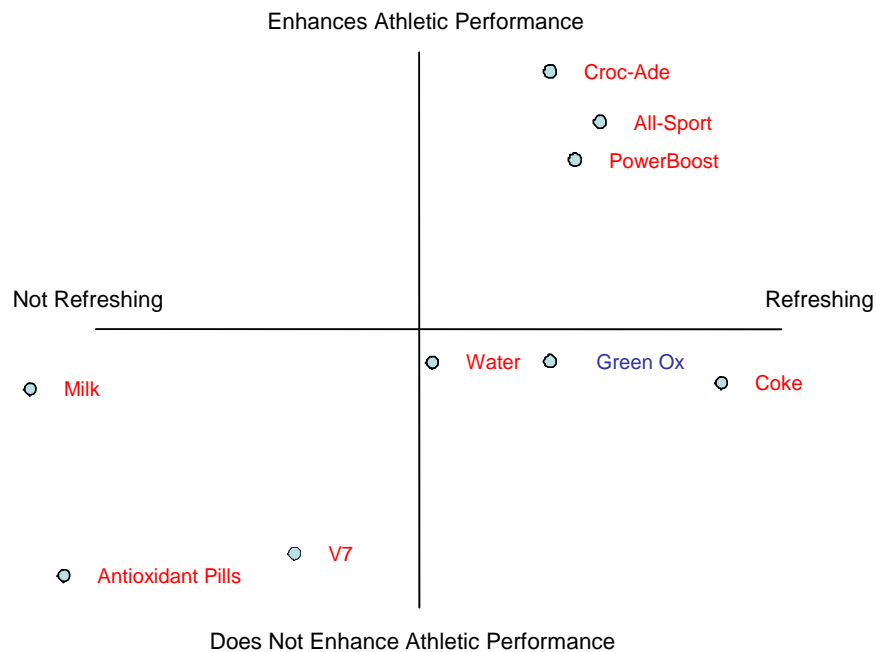


Figure 1b. Perceptual map based on consumers with unfavorable attitudes toward Green Ox.



## Appendix 2 (continued)

**Attribute Associations**

A second attribute-based technique is to ask consumers which brands are associated with each attribute (or vice versa). For instance, rather than consumers' rating Burger King and competing fast food restaurants on "quality of food," consumers would be asked which fast food restaurants, if any, have "quality food." Correspondence analysis is used to analyze the data, which in this case is a brand-by-attribute matrix. The entry in each cell is the total number of times an attribute was associated with a brand. The result is called a *correspondence map* and shows both brands and attributes. Brands appear close to the attributes that best describe them. Attributes that appear near the center of the correspondence map are widely shared among the brands that were rated. The farther the brand is from the origin of the map, the more different it is from the "average" brand. If you want your brand to be perceived as "out there" and it is, that's good. If your target was the mainstream and your brand is "out there," that's not so good. A correspondence map is similar to maps that result from multidimensional scaling except that the distance between two brands cannot be directly compared and the axes are not labeled.

**Similarity Judgments**

Instead of using attribute ratings to generate perceptual maps, consumers may be asked to judge the similarity of pairs of brands. There is no presumption regarding how consumers make judgments of similarity. Consumers are asked to make a holistic judgment of similarity, in contrast to an attribute-rankings approach that considers one attribute at a time. Each brand in the study is paired with every other brand and consumers judge how similar the two brands are. Or consumers rank the pairs from "most similar" to "least similar." One of the brands can be a "dummy" that represents the consumer's ideal brand.

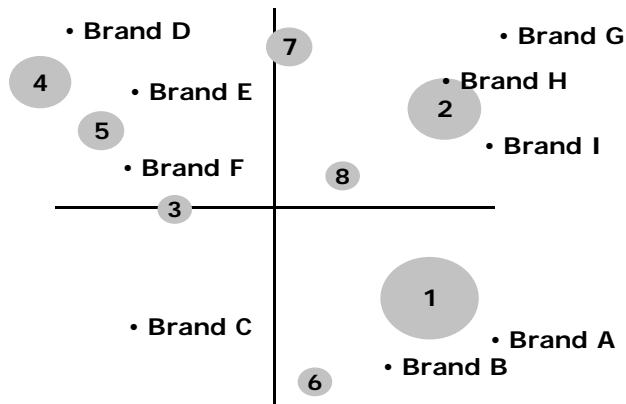
Statistical procedures such as multidimensional scaling are used to construct a two-dimensional representation of the relationship among brands. The closer the brands, the more similar they are. The lack of information regarding attributes (as perceived by the customer) means that the researcher must infer the labels for the axes that explain the relative positions of the brands. (Some studies gather attribute data after consumers have provided similarity ratings.)

**Figure 2a** is a hypothetical perceptual map based on similarity judgments of brands of bar soap. The bullets define each brand's relative place in the space. The numbered circles represent segments of customers with similar "ideal" bars of soap. The ideal point is at the center of the circle. The size of the circle represents the relative size of the segments.



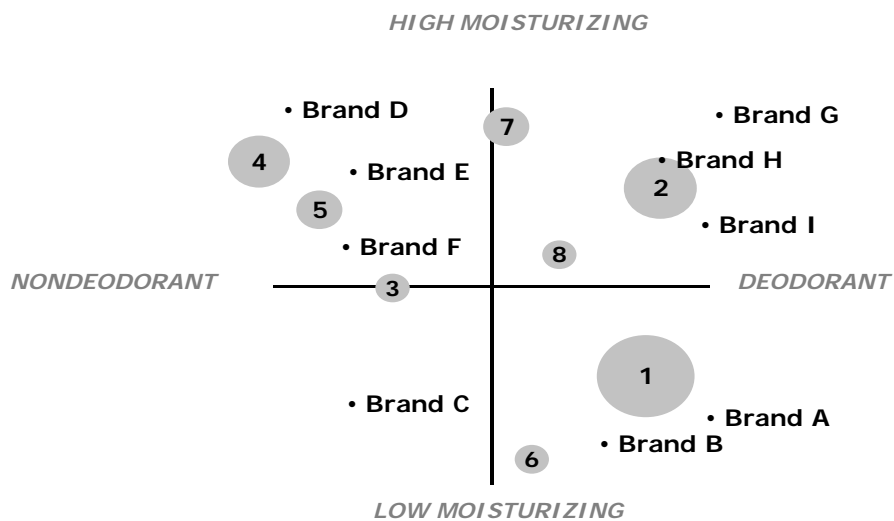
## Appendix 2 (continued)

Figure 2a. Hypothetical bar soap perceptual map without labels.



The axes are not labeled in **Figure 2a**. The researcher has to use his or her judgment to label the axes, relying on industry knowledge or on attribute data if available. **Figure 2b** shows the same map with the researcher's labels added:

Figure 2b. Hypothetical bar soap perceptual map with labels.



## Appendix 2 (continued)

**Figures 2a and 2b** suggest that (1) Brand A is the closest to the ideal for the largest segment, (2) segments 7 and 8 are probably not being served well, and (3) the competition for customers in segment 2 is heavier than in other segments, despite its smaller size. Notice that these maps are static. If the managers of Brand A decided to target segment 1 more precisely by increasing the amount of moisturizer in Brand A, and communicate that to customers, a subsequent map would reveal whether Brand A had moved closer to segment 1. Of course, the competitors could react in ways that might prevent Brand A's moving on the map or negate any advantage that Brand A might have achieved by adding more moisturizer.

**Using Perceptual Maps**

Perceptual maps are used many ways in marketing: to understand the competitive landscape (market structure), to identify segmentation or targeting opportunities, to understand how segments of consumers differ, to identify new product opportunities, to reveal areas for improving existing products or the perceptions of those products, and so forth. A few examples were provided above. Regardless of the objective of using a perceptual map or the particular data gathering and analysis technique used, the results will only be as good as the data. Be sure you include the right set of competitors—the ones your customers consider competitors, not just the ones you think you compete with. And be sure your consumers are representative of your target market and that their ratings are well informed. As you stray from your core, you run the risk of developing a solution for a different set of customers.