brand positioning. We also examine the role of competition and how to manage brands based on market position.

Developing and Establishing a Brand Positioning

All marketing strategy is built on segmentation, targeting, and positioning. 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. 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.[2] 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 consumers achieve, and showing how it does so in a unique way.

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. Table 7.1 shows how three companies have defined their value proposition through the years with their target customers.[3]

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, including emotional branding, and (3) creating a brand mantra summarizing the brand's positioning and essence.

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. 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.

The range of a company's actual and potential competitors, however, can be much broader. To enter new markets, a brand with growth intentions may need a broader or more aspirational

TABLE 7.1 Examples of Value Propositions

Company and Product	Target Customers	Value Proposition
Hertz (car rental)	Busy professionals	Fast, convenient way to rent the right type of 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

competitive frame. And it may be more likely to be hurt by emerging competitors or new technologies than by current competitors.

We can examine competition from both an industry and a market point of view.[4] An **industry** is a group of firms offering a product or class of products that are close substitutes for one another. Using the market approach, we define *competitors* as companies that satisfy the same customer need. For example, a customer who buys word-processing software 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.[5]

Once a company has identified its main competitors, and their strengths and weaknesses, 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 part of a larger company, it's important to know whether the parent company is running it for growth or for profits or milking it. Based on all this analysis, marketers 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 different forms, multiple frames of reference may be present.

Marketers should monitor these three variables when analyzing competitors:

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."

In general, companies that make steady gains in mind share and heart share will inevitably make gains in market share and profitability. Firms such as Timberland, Jordan's Furniture, and Wegmans are all reaping the benefits of providing emotional, experiential, social, and financial value to satisfy customers and all their constituents.[6]

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.[7] **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. Strong brands often have multiple points-of-difference. Two examples are Nike (*performance, innovative technology,* and *winning*) and Southwest Airlines (*value, reliability*, and *fun personality*).

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

1. *Desirable to consumer*. Consumers must see the brand association as personally relevant to them.
2. *Deliverable by the company.* The company must have the resources and commitment to feasibly and profitably create and maintain the brand association in the minds of consumers. The ideal brand association is preemptive, defensible, and difficult to attack.
3. *Differentiating from competitors.* Consumers must see the brand association as distinctive and superior to relevant competitors.

Points-of-parity (POPs) are attribute or benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands.[8] 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 category, although not necessarily sufficient conditions for brand choice. Category points-of-parity may change over time due to technological advances, legal developments, or consumer trends.

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."

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. 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.

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. 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 create one combined positioning robust enough to effectively address all. If competition is too diverse, however, it may be necessary to prioritize competitors and choose the most important set as the competitive frame. Try not to be all things to all people—that leads to lowest-common-denominator positioning, which is typically ineffective.

Occasionally, a company will be able to straddle two frames of reference with one set of points-of-difference and points-of-parity. Here the points-of-difference for one category become points-of-parity for the other and vice versa. Subway restaurants are positioned as offering healthy, good-tasting 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. If the points-of-parity and points-of-difference are not credible, however, the brand may not be viewed as a legitimate player in either category.

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.[9] **Competitive advantage** is a company's ability to perform in one or more ways that competitors cannot or will not match.

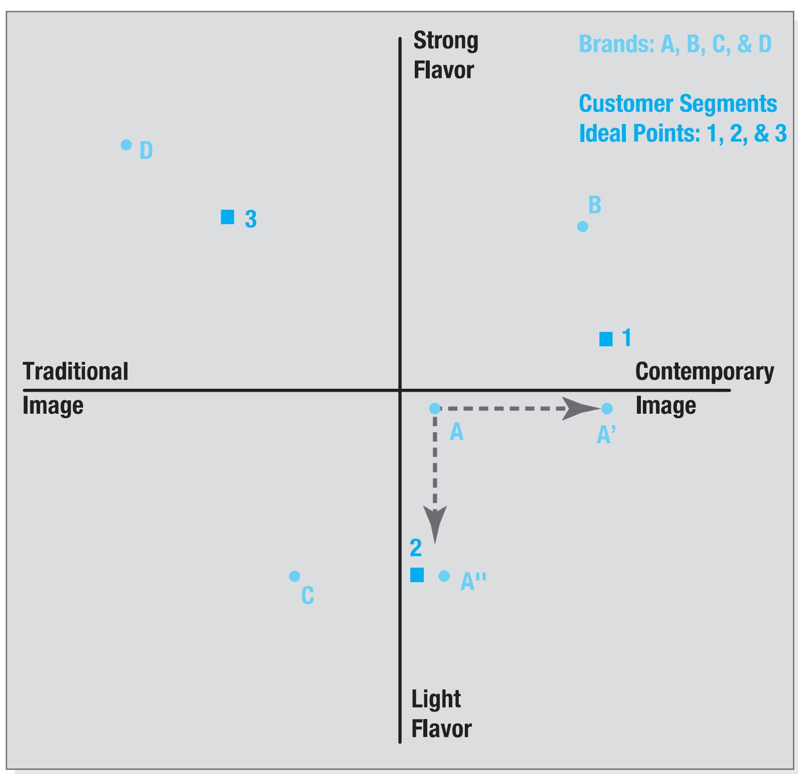
Marketers typically focus on brand benefits in choosing the points-of-parity and points-of-difference that make up their brand positioning. Brand attributes generally play more of a supporting role by providing "reasons to believe" or "proof points" as to why a brand can credibly claim it offers certain benefits. Multiple attributes may support a certain benefit, and they may change over time. The obvious, and often the most compelling, means of differentiation for consumers are benefits related to performance. To identify possible means of differentiation, marketers have to match consumers' desire for a benefit with their company's ability to deliver it.

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 "openings" that suggest unmet consumer needs and marketing opportunities.[10]

For example, Figure 7.1 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 traditional). 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. Brand A is seen as more balanced in terms of both taste and imagery.

On Figure 7.1 are two possible repositioning strategies for Brand A. 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.

FIGURE 7.1 Hypothetical Beverage Perceptual Map



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.[11] 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.[12] 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.[13]

Authenticity also has functional value. Welch's, owned by 1,150 grape farmers, 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.[14]

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.[15] A *brand mantra* is a three- to five-word articulation of the brand's heart and soul, closely related to other branding concepts like "brand essence" and "core brand promise." 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.

A good brand mantra should communicate the category and clarify what is unique about the brand. It should also be vivid and memorable and stake out ground that is personally meaningful and relevant. 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." But for it to be effective, no other brand should singularly excel on all dimensions.

Establishing a Brand Positioning

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. 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.

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.
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 recognized category members like Calvin Klein.
3. *Relying on the product descriptor*—The product descriptor that follows the brand name is often a concise means of conveying category origin.

One common challenge in positioning, as noted above, is that many of the benefits that make up points-of-parity and points-of-difference are negatively correlated. Moreover, individual attributes and benefits often have positive *and* negative aspects. Consider a long-lived brand such as Burberry. The brand's heritage could suggest experience, wisdom, and expertise as well as authenticity, or it could suggest being old-fashioned. Unfortunately, consumers typically want to maximize *both* the negatively correlated attributes or benefits. The best approach clearly is to develop a product or service that performs well on both dimensions.

To address attribute or benefit trade-offs, marketers can: launch two different marketing campaigns, each devoted to a different brand attribute or benefit; link 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; or convince consumers that the negative relationship between attributes and benefits, if they consider it differently, is in fact positive.

Clearly defined POPs and PODs are particularly important to small businesses. See "Marketing Insight: Positioning and Branding for a Small Business" for more on positioning and branding for a small business.

Alternative Approaches to Positioning

Some marketers have proposed other, less-structured approaches in recent years that offer provocative ideas on how to position a brand. These include brand narratives, storytelling, and cultural branding.

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. Randall Ringer and Michael Thibodeau see *narrative branding* as based on deep metaphors that connect to people's memories, associations, and stories.[16] 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.

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" that resonates with their customers and generates their passion and fervor. Seven assets 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.[17]

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.[18] The University of Wisconsin's Craig Thompson views brands as sociocultural templates, citing research investigating brands as cultural resources. For example, American Girl dolls tap into mother–daughter relationships and the cross-generational transfer of femininity.[19] Experts who see consumers actively cocreating brand meaning and positioning refer to this as "Brand Wikification," given that wikis are written by contributors from all walks of life and points of view.[20]

Competitive Strategies for Market Leaders

Suppose a market is occupied by the firms shown in Figure 7.2 (on page 114). Forty percent is in the hands of a *market leader,* another 30 percent belongs to a *market challenger,* and 20 percent is