Chapter 9
Crafting the Brand Positioning and Dealing with Competition

Chapter Questions
• How can a firm choose and communicate an effective positioning?
• How are brands and offerings differentiated?
• How can a firm identify its primary competitors and analyze their strategies, objectives, strengths, and weaknesses?
• How can market leaders, challengers, followers, and nichers compete effectively?

Positioning
• The act of designing the company's offering and image to occupy a distinctive place in the minds of the target market.
• Result is the creation of a customer-focused value proposition:
  • A cogent reason why the target market should buy the product.
  • See Table 9.1 for example.
• Category membership—the products or sets of products with which a brand competes and which function as close substitutes.
• Need to understand consumer behavior and the consideration sets consumers use in making brand choices.
• Starbucks: the "third place"
Points-of-Parity and Points-of-Difference

Points-of-difference (PODs)
- Attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe they couldn't find to the same extent with a competitive brand.

Points-of-parity (POPs)
- Associations that aren't necessarily unique to the brand but may in fact be shared with other brands.
  - Category points-of-parity (Travel agent)
  - Competitive points-of-parity – “good enough” on certain dimensions

Establishing Category Membership

- Announcing category benefits
- Comparing to exemplars
- Relying on the product descriptor

Key Criteria for Points-of-Difference

Desirability Criteria
- Relevance
- Distinctiveness
- Believability

Deliverability Criteria
- Feasibility
- Communicability
- Sustainability

Product Differentiation

- Form
- Features
- Customization
- Performance quality
- Conformance quality
- Durability
- Reliability
- Repairability
- Style
- Design
Service Differentiation
- Ordering ease
- Delivery
- Installation
- Customer training
- Customer consulting
- Maintenance and repair
- Returns

Other Dimensions of Differentiation
- Personnel
- Channel
- Image

Figure 9.1: Five Forces that Determine Marketing Attractiveness
Industry and Market Views of Competition

- **Industry**—a group of firms that offers a product or class of products that are close substitutes for each other.
- Classified by:
  - Number of sellers
  - Degree of product differentiation
  - Presence or absence of entry, mobility, and exit barriers
  - Cost structure
  - Degree of vertical integration
  - Degree of globalization

Competitor Analysis

Figure 9.3: Strategic Groups in the Major Appliance Industry

Strategies * Objectives * Strengths * Weaknesses
Share of market * Share of mind * Share of heart

Leader * Challenger * Follower * Nicher

Market-Leader Strategies

- Expanding the total market – market opportunity matrix.
- Defending market share: later
- Expanding market share
Market Leader Strategy: 
Defending Market Share

Other Competitive Strategies
- Market-challenger strategies
- Market-follower strategies
- Market-nicher strategies

Market-Challenger Strategies
- Define the strategic objective and opponents.
- Decide who to attack:
  - Market leader
  - Market equals that are underperforming
  - Small local and regional firms
Attack Strategies

Market-Follower Strategies
- Counterfeiter
- Cloner
- Imitator
- Adapter

Specialized Niche Roles, Table 9.3

Balancing Customer and Competitor Orientations
- **Competitor-centered company**
  - Looks at what competitors are doing and then formulates competitive reactions.

- **Customer-centered company**
  - Focuses more on customer developments in formulating its strategies.