

Positioning

Each month hundreds of press articles deal with the positioning or repositioning of brands. P&G introduces new improved Cheer for whiter whites. Montgomery Ward changes its motto to 'Shop smart, live well'. Cadillac turns its eye to a younger market. 'When it absolutely, positively has to be there overnight' defines Federal Express. The Gallo brothers' grandchildren star in commercials as part of an ongoing image shift from mass to class. So what is positioning? A succinct definition geared towards the academic audience is: 'how a brand is perceived relative to its competition on the physical and psychological factors relevant to the consumer'. People with a more managerial viewpoint typically expand on this definition by adding 'and the marketing efforts carried out to inform the desired market'. This entry provides a brief overview of both the academic and the managerial views of positioning.

Academic view

Central to both the basic (academic) and extended (managerial) view of positioning is the multiattribute model of consumer behaviour. Academic articles and commercial research studies rely heavily on a particular type of multiattribute model — the multiattribute utility concept — which depicts the utility of a brand i to consumer m as a function of the levels of the relevant physical and psychological factors it is perceived to provide (Lancaster, 1966).

These factors are referred to as attributes. That is, $U_{im} = f(z_{i1m}, z_{i2m}, \dots, z_{ijm})$ where there are J attributes relevant to the consumer (price being one of these) and z_{ijm} is the level of attribute j perceived to be derived from product i . The consumer uses this function to evaluate all of the brands in his or her consideration set and chooses the brand providing the highest utility. For an overview of multiattribute utility models and their estimation see the separate entry in this volume.

Positioning studies typically are interested in understanding two things, the first of which is how much of each relevant attribute is inherent in each brand in the product class. This is often represented graphically by plotting the brands on a 'perceptual map', the axes of which are the levels of each attribute. These brand positions are determined through expert knowledge, direct elicitation for consumers, and the analysis of consumer perceptions of brand similarities through multidimensional scaling. The second question of interest — what are the relative importances of the attributes to the individual's brand utility assessments — is crucial to understanding why the brands are positioned as they are, whether a profit opportunity exists for a new or repositioned brand, and which consumers marketing efforts should be focused upon.

In order to gain insight into this second question, individual-level multiattribute utility functions are modelled and estimated. The compensatory tradeoffs between the attributes generally are modelled using either a linear or part worths function. The linear model assumes constant marginal utility for each unit of an attribute. Hence, the utility consumer m has for brand i is:

$$U_{im} = \sum_{j=1}^J w_{jm} z_{ijm} \quad (1)$$

The w_{jm} term reflects the relative importance of attribute j to consumer m 's preference formation. It is referred to as an attribute weight. Typically, stated preferences for the considered brands are regressed against the attribute levels of these brands with the attribute weights resulting as the estimated parameters.

The part worths model does not impose any a priori structure other than additivity. Marginal attribute utilities need not be constant and more of each attribute need not be preferred to less. However, estimation concerns restrict the model to a limited number of levels (generally two to four) for each attribute. The resulting utility formulation is:

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$$U_{im} = \sum_{j=1}^J \sum_{k=1}^{K_j} u_{jkm} D_{ijkm} \quad (2)$$

where each attribute has K_j levels. The D_{ijkm} variables constitute the attribute-level information and are represented as dummy variables: one if brand i has a perceived level k of attribute j and zero otherwise. The u_{jkm} terms represent the utility (attribute weight) consumer m associates with level k of attribute j . Dummy variable regression or MONANOVA is used to estimate these weights. The part worths model is appropriate when the marginal utilities of the attributes are not expected to be constant, finite levels of some attributes are most preferred and the attribute levels are nominal in nature (for example, blue, green and red coloured cars).

The utility the consumer derives from any particular existing brand, potentially altered (repositioned) brand or new brand concept is estimated by simply plugging the brand's attribute levels and the consumer's estimated attribute weights into the relevant utility function (equation (1) or (2)). These utility values can then be used to predict consumer choice in simulated 'what if' scenarios involving, say, the entry of a proposed new brand. The heterogeneity across consumers in their attribute weights (tastes) determines predicted total sales for a proposed new or repositioned brand. This heterogeneity in tastes is also the basis for market segmentation and targeting (discussed later).

Two different assumptions are used that detail how estimated brand utilities are transformed into estimated choice behaviour. For infrequently purchased, durable goods, a deterministic choice rule is used in which the consumer is assumed to purchase the brand providing the greatest estimated utility. For more frequently purchased, less expensive brands, measurement errors are felt to be larger relative to the brands' utilities so a probabilistic transformation is used. This 'random choice' transformation mimics the empirically prevalent switching behaviour of consumers and also makes the later optimization analysis easier by making consumer demand continuous in the attributes. A logit transformation is most common. This depicts consumer m 's probability of purchase for a considered brand i as depending on the relative utilities of all A brands considered (McFadden 1974). That is

$$P_m(i) = \frac{e^{u_{am}}}{\sum_{a=1}^A e^{u_{am}}} \quad (3)$$

Due to differences in attribute weights, attribute level perceptions or consideration sets, $P_m(i)$ differs across individuals. Therefore, assuming the sample of M consumers surveyed is representative, the average probability of choice or the estimated market share for brand i is

$$E[MS_i] = \frac{1}{M} \sum_{m=1}^M P_m(i). \quad (4)$$

Estimated sales, $E[S_i]$, equals industry sales times this expected market share. Sales for an altered (repositioned) product are estimated as follows. The brand's attribute levels are altered as desired and then for each consumer the brand's revised utility calculated. Using this new value in equation (3) a revised choice probability for the brand is estimated for each individual. These probabilities are then summed to arrive at a sales estimate as discussed above. A hypothetical new brand's sales are estimated similarly with each individual's consideration set assumed to include the new brand with some probability. Profit analysis may then be done. Urban and Hauser (1993) provide a detailed textbook review of these ideas. Two examples of brands designed using this methodology are the Courtyard by Marriott hotel chain (Goldberg, Green and Wind, 1984) and Sunbeam's food-processor line (Page and Rosenbaum, 1987).

New brand positioning articles either evaluate a prespecified set of price and attribute-level combinations (new brand concepts) or utilize a computer search algorithm to search over all feasible concepts to find the optimal new brand. The optimal repositioning of an existing brand has not been analysed. Most commercial software used to estimate multiattribute utility models includes a 'choice simulator'. These simulators ask the researcher for a new brand description (attribute levels and price) and produce a sales estimate using the procedure described above. Academic articles are less tied to this simple 'plug and chug' method and tend to use algorithmic search procedures. Algorithmic procedures identify the 'optimal' positioning and price through the use of gradient search techniques (for example, Green and Carroll, 1981) or mixed integer nonlinear programming (Gavish, Horsky and Srikanth, 1983). Sudharshan, May and Shocker (1987) provide an overview and comparison of the various algorithmic procedures.

Since most firms manufacture multiple brands, a few studies have focused on the more difficult problem of optimal product-line design. An example is the paper by Page and Rosenbaum (1987) dealing with Sunbeam's design of its food-processor line. Relevant academic work includes Dobson and Kalish (1993).

A key limitation of most new brand positioning studies is that they seek the

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brand concept(s) that maximize sales or market share rather than profit. Data availability is behind this decision. Academics find that it is extremely difficult to convince manufacturers to make cost data available and, if this data is available, to allow its publication. Furthermore, many firms lack a precise notion as to how their production costs relate to their physical inputs and know even less about how their brand's cost relates to its attribute levels. Consequently, until recently, when profit analysis was undertaken, costs were either taken as given (Schmalensee and Thisse, 1986) or estimated from accounting data (Hartman, 1985). Recently, the assumptions that observed prices constitute a price equilibrium and all firms choose prices in an attempt to maximize profit have been used to generate a multiattribute cost function estimation procedure requiring no direct cost information (Horsky and Nelson, 1992).

Another limitation of most new brand studies is the assumption that competitors do not react to the new brand's entry. An exception is Schmalensee and Thisse (1986) who utilize subjective increases in the existing brands' utility values to simulate the effect of competitive reaction. Other exceptions are Horsky and Nelson (1992) and Goldberg (1995). They assume that all of the existing firms wish to maximize their profits and react to entry by changing their prices. For each possible new brand location, a post-entry-price equilibrium ensues through the simultaneous solution of the new and existing firms' profit functions with respect to own prices. The entrant then chooses the brand location and corresponding equilibrium price that maximizes profit. Horsky and Nelson (1992) also show that profit estimates for the new brand are greatly overestimated if competitive price reactions are ignored. Furthermore, the new brand's optimal attribute levels and price also may differ significantly.

Before proceeding to the managerial viewpoint on positioning, a caveat requires illumination. Since optimal brand positioning results depend intimately on the estimated attribute weights, it is necessary for the model estimated to describe behaviour accurately in addition to predicting behaviour well. That is, brand positioning results in many cases are not robust to model misspecification or the use of erroneous attribute weights. A different distribution of consumer tastes may generate an extremely different optimal solution. A similar problem arises with model misspecification. If a noncompensatory choice model is appropriate, it is likely to find an optimal brand position that consists of a combination of extremely high or extremely low attribute levels. Inappropriate use of the linear or part worths model in this case is likely to mislead the researcher into believing that a less extreme solution is optimal.

Managerial viewpoint

While the academic literature has focused on analytical methods to identify the optimal price and attribute configuration for a new brand, the managerial

literature has focused on more qualitative positioning strategy incorporating our extended definition of positioning. We first look at some standard marketing terminology and then overview selected popular views of positioning.

The concepts of segmentation and targeting both arise from the fact that consumers have different tastes — which translate into different attribute weights. Segmentation refers to the grouping together of consumers with similar tastes. Cluster analysis is a standard technique used to carry out such groupings. Since consumers in the same segment have similar tastes, they are likely to purchase the same brands. Happily, from a marketer's perspective, they often also tend to watch the same television programmes, read the same magazines and so on. Vendors such as A.C. Nielsen and Arbitron collect and sell data relating TV viewership, radio listenership and so on to demographic and lifestyle variables. This enables a firm that sells a brand with great appeal to a particular segment to identify where these consumers live and shop as well as the programmes and magazines that they watch and read. Cost-effective targeting of the brand's advertising and distribution results. Targeting thus is a happy medium between costly one-to-one marketing and mass marketing which, because of its lack of distinctive appeal (differentiation), makes the brand very vulnerable to competition.

The importance of consumer information search on consumer choice and firm behaviour is also evident. Two consumers with the same tastes may purchase different brands because of either perceptual differences concerning the brands' attribute levels or different consideration sets. This highlights the importance of targeting since the failure to be considered or an erroneously derogatory brand perception are most harmful to sales if they occur with consumers who otherwise would value your brand highly. Consumer perceptions also tend to be 'sticky' in that once a perception of a brand's attribute levels is developed, changing this perception more than marginally is extremely difficult and costly. This explains, for example, why Toyota, which did not have a presence in the luxury car market outside of Japan, opted to sell its new luxury line under the Lexus label overseas but under the Toyota label within Japan.

Ries and Trout in their various bestselling books look at positioning as carving out a profitable 'mindspace' in the consumer's cerebral dictionary of product classes. They state that 'positioning is what you do to the mind of the prospect' (Ries and Trout, 1986: 3). The premise is that thoughts about a particular product class are associated with a 'key word or words' — perhaps a fairly general descriptive term such as 'computer' or a more attribute-orientated combination such as 'overnight delivery'. The consumer forms a short ranking of brands in each product class with the top ranking going to the first brand to make a strong connection to the key words. While the physical brand is important, the use of advertising and the choice of a brand name are paramount in generating a

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strong (highly ranked) perceptual connection with a desired 'word'. This ranking is what appears as the 'definition' of the 'word' accessed and most consumers fail to read past the first brand mentioned in this 'definition'. Hence, a profitable 'mindspace' is a number one ranking with respect to a desirable 'word'. Advertising can also generate new 'words' for the dictionary — spinoffs from the original key words that essentially partition an existing product class into multiple new classes — and then position (generate a ranking for) a brand with respect to this new 'word'. Two examples of brands that have been well positioned in this sense are 7-Up with the corresponding product class 'uncola' and Michelob with 'premium priced domestic beer'. In academic terms, because of the cost of collecting product information, consumer consideration sets are small and product evaluation focuses on the one or two attributes most important to the consumer. This focus on very few key attributes ties in with noncompensatory multiattribute models (mentioned earlier) which have received considerable theoretical attention and empirical support in the marketing and psychology literatures and the hierarchical choice and market structure literatures in quantitative marketing journals.

The competitive strategy work by Porter (1980) argues that strategy formation and positioning are inseparable concepts. He forwards the idea that there are four generic positioning strategies available to the firm. Each strategy consists of one of two possible strategic targets and one of two possible strategic advantages. The strategic target is either broad or narrow. Narrow refers to the targeting of a particular segment and broad to a mass-marketing approach focused on no consumer segment in particular. A mass-market approach may result from an inability to identify the target segments clearly or the existence of a very large target segment which makes it cost-beneficial to ignore the cost of marketing efforts that reach segments who value your brand relatively little ('wasted exposures'). Porter's two possible strategic advantages are low cost and differentiation. These also follow directly from the multiattribute utility model. For a brand to be purchased it must provide the customer with the most utility. This occurs only if the brand provides superior attribute levels (is different in a way that is preferred on the most important attributes) or has a low price.

Two other areas of strategic concern act as both determinants and outcomes of brand positioning decisions. These are the resource-based view of the firm, which deals with such issues as core competencies and sustainable competitive advantages (Montgomery, 1995), and brand equity (Aaker, 1991). The firm's resources (abilities) strongly influence the choice of a physical brand design as well as the manner in which the brand is marketed. Alternatively, a well-defended, well-known brand provides the firm with a major resource upon which to build future marketing efforts such as line extensions. Brand equity is a prominent firm resource. In such, a desirable position typically generates

significant brand equity while brand name recognition greatly enhances a brand's positioning (see above).

The farthest tilt away from the physical brand aspects of positioning occurs in trade articles that refer to product repositionings which actually involve no physical brand changes at all. For example, Intel recently repositioned its computer chips. The chips themselves were not changed but the firm's marketing efforts were altered to institute a change in target segment from computer manufacturers to computer end-users.

Summary

Consumers purchase brands for the desires they fulfil and often show a great disparity in these desires. Understanding what these diverse desires are and who desires what is critical to successful marketing strategy and is the focus of multiattribute utility analysis. Without this information, product design as well as pricing, distribution choices and advertising message and media selection are severely hindered. While the academic and managerial views of positioning have clear differences in focus, both are strongly tied to this underlying multiattribute utility concept. Each, however, can gain by incorporating aspects of the other. More detailed survey and quantitative analysis should allow more micro-level strategy formulation and better-informed decision making. Academic work can benefit from more explicit consideration of the impact of information search costs, consumer perceptions and targeting on consumers' brand evaluations.

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Possessions

Material possessions surround us. Some possessions are necessities; others luxuries. According to the traditional economist's view, we value possessions solely for utilitarian purposes, or as symbols for establishing status in the social order. In contrast, consumer researchers have sought to understand how we use possessions to establish, maintain, or even change who we are. People routinely use material possessions to narrate their life stories. Similar to the picture that is 'worth a thousand words', a single possession can represent events, relationships or other matters of personal significance that would take many words to describe. Such possessions are kept because they stand for something very personal and biographical and are used to define and maintain a sense of personal identity.

Using material goods for identity construction and maintenance appears to be an ordinary, universal human practice. To explain this phenomenon, scholars have identified and applied two basic concepts: the extended self and material possession attachment. Those concepts and their applications are described below.

The extended self

Belk (1988) has identified the extended self concept to explain how people literally incorporate material possessions into their self definitions. We invest ourselves into possessions that define 'who I am', 'who I have been', and 'who I