

Module 1: Marketing

Lesson 3 - Positioning

OVERVIEW

In this lesson, students will gain a general understanding of the concept of positioning as a marketing strategy.

OBJECTIVES

1. Define positioning as it relates to a brand, product, or service.
2. Explain the purpose of a positioning map.
3. Define differentiation as a positioning strategy.
4. Describe the importance of differentiation in marketing.
5. Explain the concept of repositioning.

KEY TERMS

Differentiation

Positioning

Positioning Map

Repositioning

Unique Selling Proposition (USP)

This Lesson Bundle Includes:

- Positioning - Lesson Outline
- Positioning - Presentation Slides
- Industry Application - Related Links
- Student Activity - Positioning Map
- Discussion - Wheaties Positioning Strategy Presentation Slides
- Infographic - Largest Coffee Chains
- Infographic - AriZona Ice Tea Positioning

Lesson 3 - Positioning

POSITIONING

Positioning is how a business fixes its brand, product, or service in the minds of consumers. Positioning is about creating *perception*. To be successful, marketing professionals must carefully craft a positioning strategy that influences the way consumers view their brand, products, and services. Effective positioning strategies will help a consumer distinguish between competing products.

Positioning examples:

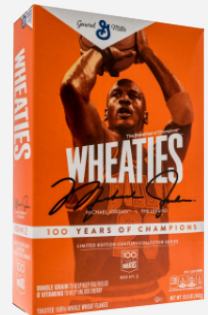
- Fashion brands can be positioned as luxury, premium, or designer
- Target's private label products are positioned as [store brands](#)
- Tesla is positioned as an eco-friendly, electric vehicle
- Whole Foods is positioned as a healthy, organic, and natural grocery store



CASE STUDY WHEATIES

General Mills' positioning of Wheaties brand cereal provides a great example of a brand with an effective and successful positioning strategy. Wheaties cereal has positioned itself as a brand affiliated with athletic performance and its slogan, "the breakfast of champions", has remained since the brand's introduction in 1924.

With declining sales, General Mills (parent company of the Wheaties brand) eventually introduced a new spin-off product aimed to take advantage of consumer perceptions of the Wheaties brand. General Mills developed three formulations of the cereal (dubbed Wheaties Fuel) with the help of a sports nutritionist and five world-class athletes: the NFL's Peyton Manning, the NBA's Kevin Garnett, gold medal-winning decathlete Bryan Clay, the MLB's Albert Pujols, and triathlete Hunter Kemper.¹



DISCUSSION

For a discussion to help guide your positioning conversation in class, consider accessing the "Breakfast of Champions" case study presentation. The presentation reviews the history of Wheaties and its efforts to successfully position the brand as fuel for athletes.

Positioning Map

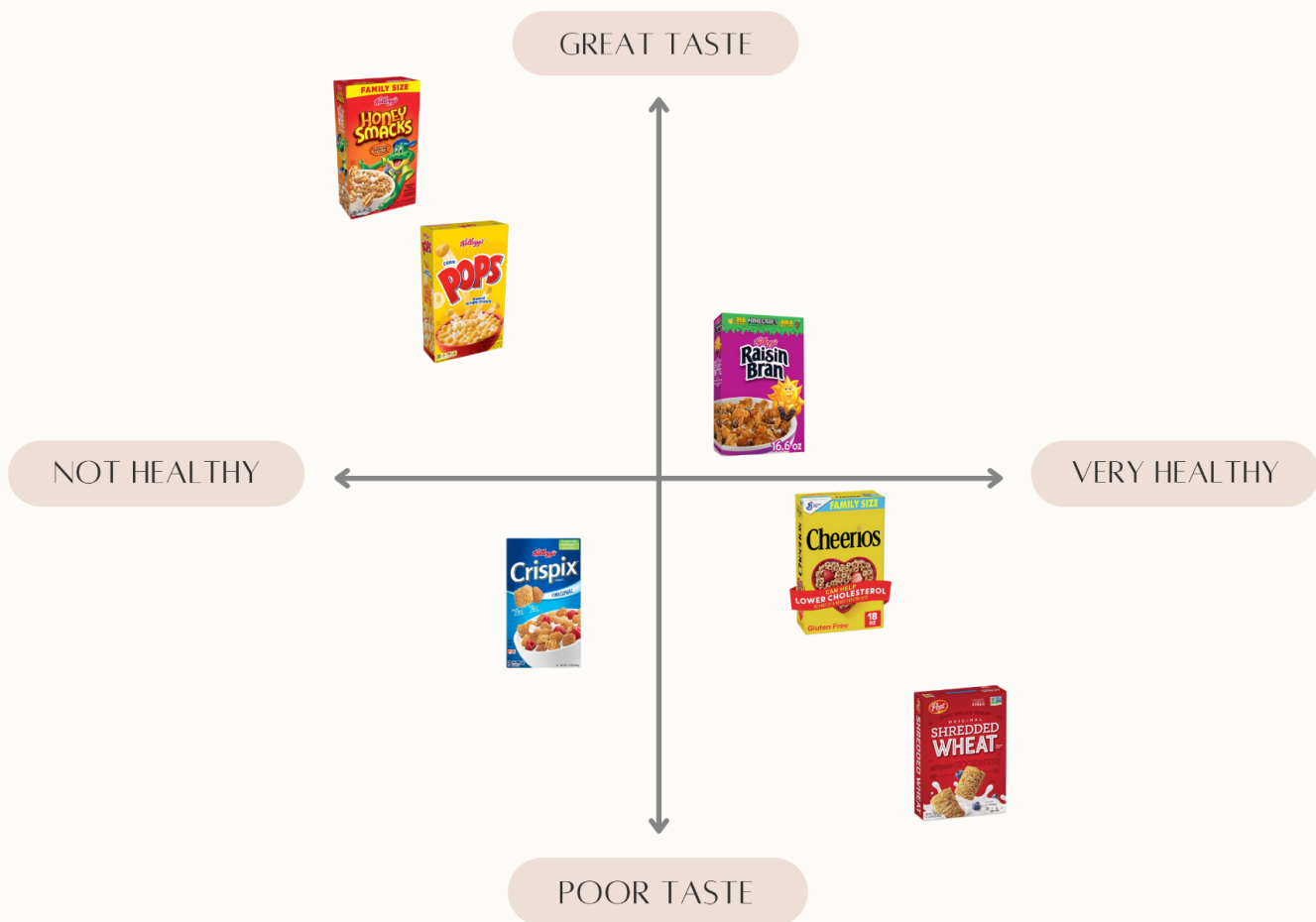
Products, services, or brands are grouped together on a **positioning map**, a visual representation of the positioning of competing products. There they are compared and contrasted in relation to one another. Marketers will then determine a position that distinguishes their own product, service, or brand from competitors.

¹ <https://www.mediapost.com/publications/article/113207/new-wheaties-fuel-targets-athletic-men.html>




POSITIONING MAP

PRODUCTS, SERVICES OR BRANDS ARE GROUPED TOGETHER ON A POSITIONING MAP. THERE THEY ARE COMPARED AND CONTRASTED IN RELATION TO ONE ANOTHER. MARKETERS WILL THEN DETERMINE A POSITION THAT DISTINGUISHES THEIR OWN PRODUCT, SERVICE OR BRAND FROM COMPETITORS.



CEREAL DATA SOURCED FROM: [EATTHIS.COM/BEST-WORST-CEREAL-BRANDS-RANKED/](https://eatthis.com/best-worst-cereal-brands-ranked/)
[HUFFPOST.COM/ENTRY/HEALTHIEST-BREAKFAST-CEREALS_N_5B7D6C58E4B07295150ED0F9](https://huffpost.com/entry/healthiest-breakfast-cereals_n_5b7d6c58e4b07295150ed0f9)
[SPOONUNIVERSITY.COM/LIFESTYLE/10-WORST-CEREALS-ACCORDING-TO-NUTRITIONAL-VALUE](https://spoonuniversity.com/lifestyle/10-worst-cereals-according-to-nutritional-value)

 www.sportscareerconsulting.com



ACTIVITY

After reviewing the positioning map graphic featuring popular cereal brands in class, you are ready to create your own version of a positioning map. Using the worksheet provided by your teacher, identify four key positioning characteristics. Then, select from the list of categories and brands provided. Place each where you think it belongs on the positioning map.

Choosing the Right Competitive Advantage

To be successful, marketing professionals must determine the right competitive advantage when developing a positioning strategy. Marketing professionals then identify all possible competitive advantages to establish an effective positioning strategy. Identifying a unique selling proposition is often a good place to start.

A **Unique Selling Proposition** or **USP** is the singular perceived benefit or feature that makes a product unique within its market. The USP differentiates a product from all competing brands and is the reason that a buyer will purchase that product over others, even if that product is more expensive. Companies will examine the components of the marketing mix to find which unique selling propositions can provide the brand with a competitive advantage.

Dollar Shave Club Positioning Example:

Dollar Shave Club leans on the elements of price and place to position its brand.

- Dollar Shave Club's positioning strategy focuses on the low cost of its product relative to competing products providing Dollar Shave Club with a unique value proposition.
- Dollar Shave Club also benefits from "place" with its subscription-based model, making it easy for its customers to receive the product by mail rather than make a trip to the store.
- Dollar Shave Club took just four years to [gain nearly 50%](#) of the online razor market, a direct result of their successful positioning strategy.

Starbucks Positioning Example:

Starbucks also focuses on price and place to build a successful positioning strategy. Through the company's "third place" positioning strategy, Starbucks wants consumers to view Starbucks locations as a third place where people can build community (with home and work or school being the first two).

- Starbucks established this positioning strategy as the world emerged from the pandemic, stating the following on their website: "These adaptations will reinforce the concept of the third place — a warm and welcoming place, outside of our homes and our workspaces, where we connect and build community. We think of the third place as a mindset — a feeling of comfort that uplifts customers everywhere, and in every way, they experience Starbucks. And the third place has never been more relevant than now, as communities seek to reconnect and heal."
 - ["Starbucks CEO: The third place, needed now more than ever before" company news release](#)
- As more and more brands explore the transition to virtual spaces and the metaverse, Starbucks is developing a digital "third place", stating on the company website: "While the "Third Place" has often been described in physical terms — a place between home and work — the essence of the Third Place has always been the feeling of connection and belonging it provides. But in the hyper digital era that we live in, the community connection that Starbucks has always created is equally powerful as we extend the Third Place Connection wherever customers experience Starbucks."
 - ["Starbucks: We're creating the digital Third Place" company news release](#)
- Starbucks also utilized price to establish a position as a premium product. To affirm this position, Starbucks has used slogans and taglines in its advertisements like:
 - "Beware a cheaper cup of coffee. It comes with a price."
 - "Starbucks or nothing. Because compromise leaves a really bad aftertaste."
 - "If your coffee isn't perfect, we'll make it over. If it's still not perfect, you must not be in a Starbucks."
- Starbucks' has been the largest coffee chain in the United States for years, thanks in large part to its effective positioning strategy.



Largest Coffee Chains in the U.S.

By number of U.S. locations



STARBUCKS



15,450 LOCATIONS

DUNKIN'



8,500 LOCATIONS

DUTCH BROS. COFFEE



794 LOCATIONS

CARIBOU COFFEE



750 LOCATIONS

TIM HORTONS



630 LOCATIONS



Positioning Errors to Avoid

Positioning can also be tricky. Identifying the correct product distinctions to promote can be the difference between an ineffective positioning strategy and a marketing failure. The biggest risk to a brand is making sure product distinctions are legitimate. If not, an organization could face not only backlash from consumers but also potential legal consequences.

Positioning Error Examples:

Volkswagen misled consumers and the media with its 'Volkswagen' April Fool's marketing stunt, when the company rolled out a new logo and brand campaign, suggesting Volkswagen was all-in on electric vehicles, despite the company's admission to criminal charges in 2017 in an emissions [scandal](#) (the company admitted they lied about unacceptable levels of pollution produced by VW vehicles). The stunt led to a firestorm of criticism from consumers, forcing the company to issue a public apology when a company spokesperson [said](#) "The many positive responses on social media showed that the campaign resonated with consumers. At the same time, we realize the announcement rollout upset some people, and we are sorry about any confusion this has caused. We will continue on our mission towards an EV future, as Volkswagen."

Another example of a positioning error occurred when Intuit, the company behind popular tax-filing software TurboTax, agreed to [pay](#) \$141 million to U.S. consumers after the U.S. Federal Trade Commission (FTC) sued the company for deceptive advertising. The lawsuit also forced Intuit to discontinue advertisements that suggested TurboTax's "free, free, free" ad campaign.



Differentiation

Differentiation in a positioning strategy is when a business determines product characteristics that distinguish their product from those of competitors.

Differentiation Examples:

In the grocery sector, Trader Joe's differentiates itself from its competitors by positioning the company as a neighborhood store that offers a wide variety of unique, high-quality food items at low price points.

Trader Joe's also focuses on the shopping experience, creating a friendly atmosphere with clean, organized, and well-stocked stores featuring an adventurous theme, encouraging customers to try new things.

- According to the [Trader Joe's website](#): "Trader Joe's is a national chain of neighborhood grocery stores. We are committed to providing our customers outstanding value in the form of the best quality products at the best everyday prices. Through our rewarding products and knowledgeable, friendly Crew Members, we have been transforming grocery shopping into a welcoming journey full of discovery and fun since 1967."

In the beverage sector, Arizona Iced Tea's positioning has proven to be incredibly resilient and effective, helping the company to sell approximately 1 billion cans of Arizona Iced Tea every year.²

According to its [website](#), AriZona Iced Tea is "America's No. 1 Selling Iced Tea Brand". Despite its position as an independent, private business competing with brands owned by huge beverage companies like Coca-Cola and PepsiCo, Arizona Beverages still commands nearly 16% market share in its product category by charging just 99 cents per bottle, positioning the brand as an affordable alternative to competing products.

This is why the company's founder [vowed](#) not to increase prices in 2022 even while inflation and supply chain issues drove up the company's costs.

² <https://www.latimes.com/business/story/2022-04-12/az-iced-tea-inflation-99-cents>



PRODUCT POSITIONING

AriZona Iced Tea



AriZona Beverages differentiates its AriZona Iced Tea product from competitors by offering the product at a much lower price point, charging just 99 cents for a 16 ounce bottle without raising the price in the last 30 years. The strategy has paid off, with the company selling 1 billion cans, or 255 million gallons, of AriZona iced tea in 2020 alone (according to data from Beverage Marketing Corp.).



AriZona

AriZona Beverages charges \$.99 for a 16-ounce bottle of Arizona Iced Tea, the same price they charged 30 years ago when the product first launched

\$.99



snapple

On average, Snapple charges \$1.49 per 16-ounce bottle for its Iced Tea flavored product *

\$1.49



BRISK

Lipton charges an average of \$1.99 for a 20-ounce bottle of its Brisk Iced Tea*

\$1.99



PURE LEAF

Pure Leaf Lower Sugar Iced Tea, positioned as an upscale brand, charges \$2.09 for an 18.5 ounce bottle*

\$2.09

* Average price calculated using a variety online retailers and visits to Plaid Pantry, Target, Walmart and 7-Eleven stores in Portland, OR

DISCUSSION



Review how Trader Joe's differentiates its brand from competitors on the "About Us" page on the company [website](https://www.traderjoes.com/home/about-us), or with the handout provided by your teacher in class.

Discussion Questions:

- What is positioning?
- Who represents Trader Joe's competition?
- What is differentiation?
- Why is differentiation important?
- Based on what you read on the company website, how do you think Trader Joe's has positioned the brand?
- How have they differentiated the brand from competitors?



Repositioning

Repositioning is a marketer's plan for changing consumers' perceptions of a brand in comparison to competing brands.

Taco Bell Repositioning Example:

Taco Bell has had great success, positioning itself as cheap, Mexican fast food. However, sales eventually declined, and the brand decided to reposition as a lifestyle brand to help reverse the slide.

Taco Bell invested heavily in the repositioning of the brand, including efforts such as:

- Improving the consumer experience at its restaurants, including upgrading the interior design by developing new concepts that better represented the local community in favor of the stale, cookie-cutter restaurant designs used in the past. According to [Restaurant Spaces](#), as part of repositioning plan, Taco Bell developed four new design concepts for Taco Bell stores:
 - "Modern Explorer" which represents the more sophisticated side of the brand's design
 - "Heritage" which is a Spanish/Mexican concept inspired by Taco Bell's Mission-style, mini-Tijuana roots
 - "California Sol," an homage to its California roots offering al fresco dining
 - "Urban Edge," representing the brand's push into urban markets
- Opening upscale "Cantina" branded locations.
- Launching a massive branding campaign using the slogan "Live Mas!"
- Experimenting with creative new menu items and customizable menu options offering almost limitless possibilities for consumers.
- Refreshing the Taco Bell brand with an updated logo.
- Creating an effective digital and social media marketing strategy:
 - Website features "Spicy Hacks" or "[Vegetarian Hacks](#)"
- Establishing Brand collaborations:
 - The Forever 21 x Taco Bell [collection](#) of cropped sweatshirts, shirts, bodysuits and more
 - Calpak Luggage x Taco Bell luggage [collection](#)
 - Partnering with Doritos for the popular co-branded Doritos Locos tacos menu item and Mountain Dew for the Baja Blast drink.

TACO BELL BRAND COLLABORATIONS

DORITOS



MOUNTAIN DEW



CALPAK



FOREVER 21



KEY TAKEAWAY



Positioning refers to the fixing of a brand, product, or service in the minds of consumers. Marketing professionals must carefully craft a positioning strategy that influences the way consumers view their brand, products, and services. Sometimes, a brand must develop a repositioning strategy to better establish the perception consumers have of the brand.



INDUSTRY APPLICATION

Connect your classroom with industry examples by reviewing the following news stories relating to concepts covered in this lesson:

Positioning - [Starbucks' Sustainability Goals](#)

Positioning - [Tillamook wants to be nation's favorite cheese brand](#)

Repositioning - [Pirate's Booty Sell Shifts From 'Parental Guilt' To 'Fun'](#)

Repositioning - [Peloton Repositions Itself as More Than a Bike Company](#)

Repositioning - [So You Want to Be a Lifestyle Brand? A Look at Taco Bell's Transformation into a Lifestyle Brand](#)

Unique Selling Proposition - [Shoppers Buy Into Trader Joe's Unique Proposition](#)

KEY TERMS DEFINED:

Differentiation: A positioning strategy that can be used to distinguish a company's products from those of competitors.

Positioning Map: A visual representation of the positioning of competing products.

Positioning: Fixing a brand, product, or service in the minds of consumers.

Positioning: The fixing of a brand, product or service in the minds of consumers.

Repositioning: is a marketer's plan for changing consumers' perceptions of a brand in comparison to competing brands.

Unique Selling Proposition (USP): The singular perceived benefit or feature that makes a product unique within its market, and differentiates a product from all competing brands.

