

## Strategic Management of Brand Positioning in the Market

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### ABSTRACT

*In the modern marketing system in a mass consumer society, the central place is given to the formation and promotion of brands. Professional conceptual approaches to brand management are able to preserve and increase the value and stability of the brand and allow the brand to survive in the most difficult competitive and crisis market conditions. In view of the fact that there is a fairly large number of theoretical developments, the purpose of the study was to develop practical recommendations regarding the strategic management of brand positioning in the market. The authors have developed an Algorithm for the strategic management of brand positioning in the market, which consists of 5 stages and 11 tasks. The tools proposed by the authors, which were discussed in detail and clearly demonstrated in the article, are of practical value. The product positioning process is not an easy process, and therefore even experienced professionals are not immune from mistakes. This research will help better to understand the brand positioning strategy in the market.*

## 1. Introduction

Transformation processes in the economy in recent years have led to significant economic changes. With the transition to a market system, business entities' conditions have changed significantly, so the existing management and marketing technologies are no longer sufficient for successful management in market management conditions.

Given the saturation of the market with goods and services to stand out from the competition and take a worthy place in the minds of not only consumers but also all market participants, companies focus their efforts on differentiating offers, based on which they position their products. Branding in modern society is more than just creating a name, company logo or product. Thanks to the successful development and implementation of strategic

management of brand positioning in the market today, brands can become not only consumer market products, but also corporations, law firms, cities, countries, universities, hospitals, museums, restaurants and even individuals [1]. It is not surprising that consumers are willing to buy, first of all, well-known and high-quality so-called branded items or use the services of branded companies. They can increase the company's rating, on the one hand, and consumer status in society – on the other. Understanding the need and effectiveness of creating and positioning a product or corporate brand, the number of domestic brands consulting agencies – specialized companies for the strategic management of brand positioning in the market. Despite the growing interest in the problem of positioning by marketing theorists and practitioners, the main approaches to the selection and implementation of positioning strategies are still not systematized; there is no single approach to their classification and complementarity and mutual

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avoidance, which complicates the positioning of products, brands and enterprises in practice.

Thus, branding is a relevant and demanded marketing tool for the formation of consumer demand, sales promotion and sales. The brand regulates the buyer's behaviour, creates a stable favourable image of the company and the product, and guarantees long-term stable relations with a loyal consumer. It is the relevance that explains the purpose of the study - the development of practical recommendations for the strategic management of brand positioning in the market.

## 2. Theoretical aspects of brand positioning management in the market

Jack Trout coin the term product positioning. Trout detailed the product positioning theory in his Industrial Marketing article, which was published in June 1969 [2]. The article aroused great interest in the marketing community, and later, in 1981, in their book Positioning, Battle for Minds, Jack Trout and Al Rice elaborated on the concept of "product positioning", supplementing it with many examples and illustrative business cases [3].

The reason for the emergence of the positioning theory is the desire to find a way to distinguish a product among products with similar properties and characteristics through marketing communications. Positioning theory says that the consumer cannot remember all goods' characteristics on the market due to their large number; therefore he remembers by the method of associations, endowing each product with certain attributes that are important to him when buying a product [4].

Branding is activity on development and brand management. Brand (from the English brand – stigma) – is the "brand name", the name of the enterprise, product, product group, service, etc., the official trademark. The brand provides wide popularity of the object, the ability to recognize it, uniqueness, deep penetration into the consciousness/subconscious of many members of the target audience, and significant value in consumers' eyes. This is a correctly and effectively constructed image, embodied, first of all, in the name. A brand is an information about the company, product or service; popular, easily recognizable and legally protected symbols of the manufacturer or product. Creativity is the most critical moment in the life of a brand. It is necessary to be noticed and to achieve the maximum positive perception of the market offer [5].

Branding requires high financial costs that are justified only for specific products. Also, relevant issues are related costs – inventory management [6-8], human resources [9], innovations [10], etc. Thus, among branded goods without branding, victory is impossible in competition. Such goods, in turn, due to the high cost, contribute to the growth of profits and the formation of a producer's successful image [11]. There are various methods of brand evaluation, which are used to determine the ratings of the latter. Annual brand ratings illustrate certain phenomena and their patterns that occur in the economy and allow you to predict certain future events [12]. Marketing strategy, which also includes product positioning, is an area where practice prevails over theory. Due to the limited volume of the article, the authors decided to focus on the practical aspects of strategic management of brand positioning

in the market, namely, to develop an algorithm and tools for its effective use.

## 3. Results: an algorithm for the strategic management of brand positioning in the market

Based on the literature and existing practices analysis, the authors present an algorithm for developing brand positioning in the market (Fig. 3).

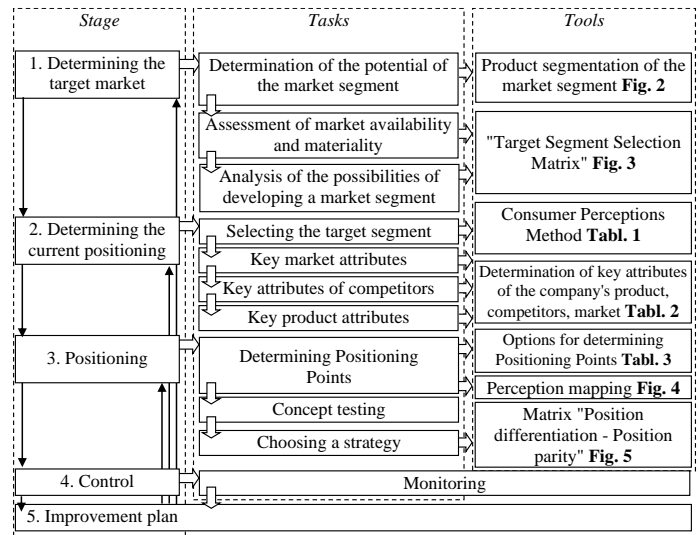


Figure 1: Algorithm for the strategic management of brand positioning in the market

The process of developing brand positioning consists of the following stages: determining the target market, assessing the current perception of the brand and competitors, developing and testing possible product positioning concepts, as well as monitoring the competitiveness of the approved strategy in the future and ways for further improvement if necessary. Let's consider the stages in more detail.

**Stage 1.** Selecting the target market. Setting a target market is the process of deciding which market segments a company should actively work to increase sales. Companies choose between an undifferentiated or differentiated approach or prefer a so-called concentrated approach.

The target market is the most suitable and profitable group of market segments (or one and the only segment) for the company, to which its marketing activities are directed.

Step 1.	List all the products available on the market: in the listing it is not necessary to be a maximalist and try to cover the market by 100%. It is enough to list all the products of large and medium players.
Step 2.	Determine all the characteristics by which the listed products differ. These characteristics can be: properties, volume, packaging, price, special taste, smell, etc.
Step 3.	Survey of consumers of the target market: what characteristics do they actually divide the goods on in the market. Target audience polling is a very important point in any market segmentation.
Step 4.	Compilation of a complete list of segmentation criteria based on Steps 2 and 3.
Step 5.	Description of each product from the list according to the listed characteristics.

Figure 2: Algorithm for product segmentation of the market segment (developed by the authors)

Suppose the company is faced with the task of conducting product segmentation of the industry. In that case, we propose to use the following algorithm (Fig. 2), with which it is possible not only to assess in detail the structure of the market but also to find free market niches for expanding the scope of the company.

The choice of the target market is closely related to the issues of product positioning, identifying its distinctive features and characteristics and determining its place in the market among other similar products from the perspective of the consumer himself. Positioning makes the product recognizable in the market. "Target Segment Selection Matrix" (Fig. 3) will allow a better understanding of the availability for the company of the materiality of the market and analyze the possibilities of developing a market segment.

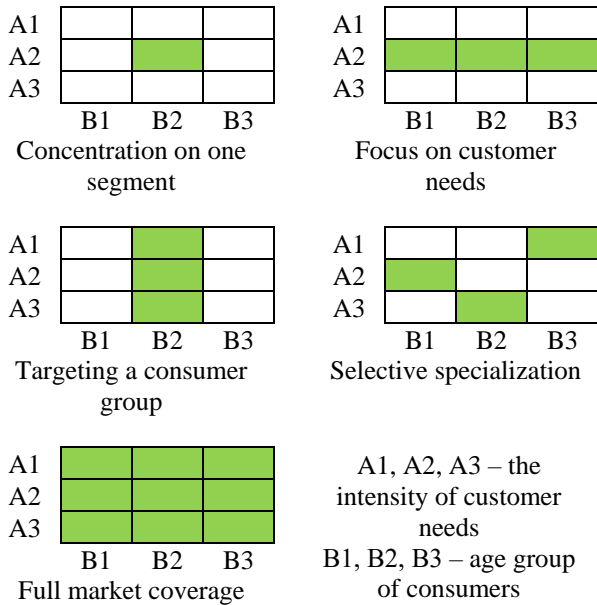


Figure 3: "Target Segment Selection Matrix"

In practice, these strategies can be implemented in the following ways:

1. Narrow specialization, concentration on one market segment, for example, on the production of one type of gadgets for adolescent girls.
2. Focus on consumer needs, for example, the production of one type of gadgets for all age groups of consumers.
3. Targeting a consumer group, such as producing a wide range of gadgets for teenage girls.
4. Selective specialization, such as the production of certain types of gadgets for certain age groups.
5. Full coverage of the market, namely: production of all types of gadgets for all age groups of consumers.

When selecting the optimal market segments, it is recommended to give preference to the largest segments, segments with clearly defined boundaries and not intersecting with other market segments, segments with new, potential demand, etc. It is considered to be the most optimal segment, where there are about 20% of buyers of this market, purchasing about 80% of the goods offered by the company.

**Stage 2. Determination of the current position** The stage involves assessing how the target audience (= target market) perceives the company's product and competitors' product. It is necessary to determine from 5-10 definitions that best characterize the goods in the opinion of consumers (Table 1).

Table 1: An example of determining the current positioning of a product of a company and main competitors based on consumer perception

Current perception of the company's product	Current perception of competitor's product 1	Current perception of competitor's product 2	Current perception of competitor's product 3
modern	traditional	known	expert
fashionable	known	widely advertised	high quality
young	widely advertised	recommended by experts	expensive
plain	recommended by experts	quality	recommended by experts
cheap	quality	safe	innovative
dynamic	safe	innovative	foreign
safe	family	dynamic	
<i>A modern product without unnecessary additions for the younger generation at an affordable price</i>	<i>Renowned Recommended Brand for the Whole Family</i>	<i>A well-known innovative brand recommended by experts</i>	<i>Innovative import brand expert</i>

To determine the key attributes of a product is necessary to decide on the properties of the product, which are essential in the industry and can become the basis for positioning the company's product (Table 2) ensuring the security of the region.

Market properties – mandatory properties for each product;

Distinctive properties of the company and competitors - characteristics of the product that are unique and not found elsewhere on the market;

Consumer properties is a description of the ideal product in the words of the consumer. The last column indicates the basic needs that the consumer seeks to solve using the desired product property (based on his motivation).

**Stage 3. Positioning** Now that all the preparatory stages have been passed, you can proceed directly to the very process of developing product positioning, which consists of four sequential phases: determining points of differentiation (= positioning points), building perception maps and testing the developed positioning concepts and choosing a strategy.

Points of differentiation. All good profitable markets have been occupied for a long time; they are highly competitive. In such markets, some companies are "first and best"; in such industries, all market niches are usually occupied, and it takes a lot of effort to find a competitive positioning for a new product. Points of differentiation (= positioning points) will help a company find vacant niches and look at the market from different angles (Table 3).

Table 2: Determination of the key attributes of the company's product, competitors, market

Properties of goods on the market	Market properties of goods	Company product properties	Competitor properties	Consumer properties	Problems and needs that the consumer seeks to solve with this property
Property 1	+	+		+	need 1
Property 2		+	+	+	need 2
Property 3			+		
Property 4	+	+		+	need 3
Property 5		+	+		
Property 6		+	+	+	need 4
Property 7	+			+	need 5
Property 8		+	+	+	need 6
Property 9		+			
Property 10	+	+	+	+	need 7

Table 3: Examples of positioning points

Options			Could it be a positioning point?
Option for creating a new subcategory on the market			
Product category improvement options	How can this sound? O1	How can this sound? O2	PP
improvement 1	not just (product category), but (improved product category)	The first in ...	yes/no
improvement 2	not just (product category), but (improved product category)	The first in ...	yes/no
EXAMPLE: new brand	Not just a brand, but a changing perception	Not just a brand, but a changing perception	yes
Option for Solving Consumer Needs			
Needs and problems of the target audience	Are the current market players solving this problem?	Is leadership possible in solving the problem?	PP
problem 1	yes/no	yes/no	yes/no
problem 2	yes/no	yes/no	yes/no
problem 3	yes/no	yes/no	yes/no
permanent breakdowns	no	yes	yes
inaccurate measurement	yes	yes	yes
impractical design	yes	no	no
The Option to Create the Opposite Image			
Perceptions and properties of competitors	Opposite	Attractive to the target audience?	PP
perception 1	...	yes/no	yes/no
property 1	...	yes/no	yes/no
traditional	innovative	yes	yes
known	little known	no	no
widely advertised	unadvertised (not overpriced)	yes	yes
Market Leadership Option			
Market properties of goods	Will it be valuable to the consumer if the product performs this property best?	Is there a product that best implements this property?	PP
property ...	yes/no	yes/no	yes/no
ease of use	yes	yes	yes
memory	yes	no	yes
the ability to change the design	no	no	no

It is also possible to search for positioning points by opposition to the main competitor, by the method of product use, etc.

Choosing of strategy is one of the most important decisions in brand positioning. We propose using the matrix "Position differentiation – Position parity" (Fig. 5).

Position differentiation	Strong	Raising the parity of the position	Maintaining a differentiated position	Maintaining a leading position
	Neutral	Increasing the parity of the position and creating additional points of differentiation	Adjustment of position in the direction of strengthening parity and (or) differentiation of position	Maintaining a parity position
	Weak	Repositioning	Creation of additional points of parity and strengthening of position differentiation	Enhancing position differentiation
		Strong	Neutral	Weak
		Position parity		

Figure 5: Matrix "Position differentiation - Position parity"

The construction of the matrix is based on the following indicators.

1. Differentiation of the organization's position for consumers (Y-axis):

$$D = \sum_{i=1}^n W_i O_i \tag{1}$$

where D is an indicator of differentiation of position for consumers;

$W_i$  is the rank of the i-th differentiation point for the consumer (ranking in descending order, where the highest rank is the most significant differentiation point);

$O_i$  is the assessment of the i-th point of differentiation by consumers (in points, from 1 to 5);

n is the number of points of differentiation;

2. Parity of the organization's position for consumers (plotted along the X-axis):

$$P = \sum_{i=1}^m W_i Q_i \tag{2}$$

where P is the position parity indicator;

$W_i$  is the rank of the i-th categorical point for the consumer (ranking in descending order, where the highest rank is the most significant point of differentiation);

$O_i$  is the assessment of the i-th categorical point by consumers (in points, from 1 to 5);

m is the number of categorical points.

According to the matrix, the following types of strategies can be used [5; 6].

*Leadership strategies:*

The strategy of maintaining a leading position assumes that the position of an educational organization is unique and contains the [www.astesj.com](http://www.astesj.com)

main characteristics associated by consumers with its activities – an optimal set of points of parity and differentiation. With distinct differences from the competition, the educational organization offers consumers exactly what they expect. It is the strongest and most attractive position in the minds of consumers.

The strategy of maintaining a differentiated position provides that the position is strong enough and has unique points of differentiation, but requires the educational organization to clearly understand why it has fewer parity points than the leading organization. The parity points taken as a basis are not very significant for consumers, or not all consumer expectations regarding these points are fully satisfied.

The strategy of maintaining a parity position assumes that the existing position is beneficial to the educational organization, since, despite the absence of unique characteristics (points of differentiation), consumers rate it highly and consider it attractive in terms of the proposed set of parity points.

*Market Follower Strategies:*

The strategy of increasing the parity of the position is a strategy in which the position of an educational organization is unique and has certain points of differentiation. Still, it is not significant enough for consumers. In this situation, the educational organization, as a rule, concentrates its marketing communication efforts on demonstrating to consumers those points of differentiation that do not matter to them. As a result, it is necessary to adjust the position, supplementing it with points of parity that are important for consumers.

The strategy of adjusting the position in the direction of increasing parity and (or) differentiation of the position assumes that the position of the educational organization is represented by characteristics that are different from competitors. Still, they are not of particular importance to consumers. The author has proved that in this case the position can be considered as promising, provided that the educational organization directs marketing efforts to increase its attractiveness - increasing the level of implementation of existing points of parity and points of differentiation through a significant set of marketing communications.

The strategy to enhance position differentiation is a strategy whereby a position is attractive in the short term because it is highly regarded by consumers. Nevertheless, in the context of continuously increasing competition in the market, it can "get lost", which dictates the need to direct marketing efforts to find points of differentiation to form a position in the long term.

*Market Challenger Strategies:*

The strategy of increasing the parity of the position and creating additional points of differentiation is used if the current status of the educational organization is not entirely attractive to consumers, since it does not contain a set of mandatory points of parity with which they associate its activities. As a result, the position does not have significant points of differentiation to attract the attention of consumers, which requires adjustments to complement the points of parity and differentiation that are meaningful to them.

The strategy of creating additional points of parity and strengthening the differentiation of the position is applied if the position of the educational organization does not stand out among others and is of little interest to consumers since it is not represented by points of differentiation and does not include all characteristics and points of parity that are important for consumers. In this situation, it is necessary to optimize the position by a set of parity points.

The repositioning strategy is used if the position does not have parity and is not differentiated, which requires an educational organization to make immediate marketing efforts to change it significantly.

The choice of an adequate strategy makes it possible to match the position transmitted using marketing communications and the position that has developed in the perception of consumers, thereby increasing the efficiency of brand management. This is possible using a set of communications for brand promotion on the market, developed by the chosen positioning strategy and implemented in marketing practice.

**Stage 4. Control** The product positioning process is not an easy process, and therefore even experienced professionals are not immune from mistakes. Therefore, after choosing a positioning control strategy, it is necessary to check it for compliance with the following criteria:

- positioning is based on 2-3 essential product characteristics;
- the target group of the product is clearly defined, it is evident from the positioning that the product is designed "not for all consumers";
- if the positioning is based on price, then it is not the only parameter;
- if a product is positioned against the prominent market leader, then it has absolute superiority in a particular area;
- for one target market, only one type (strategy) of product positioning is used;
- positioning is based on promises and product properties that the company is able to fulfil;
- positioning does not provide for cardinal repositioning of the product, or intermediate product positioning has been developed;
- if the existing positioning of the product was successful, then the new positioning only improves it, and does not change it;
- when developing positioning, a sufficient number of alternatives were considered, and the first successful option was not chosen.

Monitoring also includes tracking possible changes in market conditions, the emergence of new consumers, the strengthening of competitors, etc. The company can choose the different frequency of monitoring various components depending on the rate of their change.

**Stage 5. Improvement plan** Almost any company strives to maximize profits, sometimes this is not a primary goal, but it is also essential; therefore it is periodically necessary, after

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monitoring the current situation, to make forecasts for the future and improve the positioning strategy. Over time, the strategy can transform into a company's diversification strategy. When drawing up an improvement plan, it is necessary to go through stages 1-3 especially carefully, because sometimes top management makes the main mistake in this, considering these stages "passed" and does not go through them in detail again.

Thus, the proposed algorithm for the strategic management of brand positioning in the market and tools for its effective use will allow business entities to understand better and implement marketing tools to strengthen their competitive positions.

#### 4. Conclusion

The basis of the success of any business is the presence of sustainable competitive advantages of goods and services, which consists of the consumer's understanding of their distinctive properties. The application of strategic positioning management significantly contributes to the solution of this problem. Brands and trademarks bring significant benefits to producers and consumers, which guarantees producers additional profits, ensuring consumer loyalty, and thus reducing the impact of competition on fluctuations in sales. The presence of a brand and consumer loyalty shows that one or another business entity is more competitive, especially in crisis conditions, and has greater advantages compared to other entities. This significantly mitigates the reaction of consumers to possible price fluctuations, opens up new opportunities for expanding markets for enterprises of the national economy.

Strategic management of brand positioning in the market is one of the most important marketing processes, which determines the adequate market position of the product and/or the company as a whole. The positioning strategy is multifaceted and requires separate consideration; tactics indicate the relationship with the marketing mix, and in the latter, the main role is given to promotion.

In the study, the authors focused on the development of practical recommendations for brand management: The proposed algorithm for the strategic management of brand positioning in the market and tools for its effective application will allow business entities to better understand and implement marketing tools, reduce costs, expand market share to strengthen their competitive positions.

Areas of further research may be the approbation of the proposed tools at domestic enterprises and the development of theoretical and methodological recommendations for rebranding.

#### Conflict of Interest

The authors declare no conflict of interest.

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