

THE HINDU Business Line

INTERNET EDITION

Financial Daily from THE HINDU group of publications

Thursday, Oct 06, 2005

Catalyst - Brands
Marketing - Insight

Creative repositioning

A. V. Vedpuriswar

Need to inject some life into your brand? Reverse, break away or use stealth?

THE product life cycle is a well-known framework in marketing. Products typically go through four stages - introduction, growth, maturity and decline. At each stage, marketing strategy varies.

According to Harvard Business School professor Youngme Moon, though the product life cycle concept has been used successfully over the past 40 years, it has made marketers assume that there is only one trajectory for successful products. By viewing the product life cycle in the same way, marketers pursue similar positioning strategies for products and services during each stage of the life cycle. In the process, they miss out on opportunities to differentiate themselves.

By imaginatively repositioning their products, companies can change how customers mentally categorise them. They can rescue products struggling in the maturity phase of their life cycles and get them back to the growth phase. And in some cases, they might be able take their new products forward straight into the growth phase.

According to Moon, there are three ways in which companies can challenge the conventional product life cycle. Through reverse positioning, they can strip away product attributes which are traditionally considered important while adding new ones. By breakaway positioning, they can associate the product with a radically different category. By stealth positioning, they can conceal the product's true nature.

Most marketers keep augmenting their value proposition because they assume customers can never be fully satisfied. But reverse positioners believe customers do not necessarily want an endless parade of new features. Such firms eliminate unnecessary features and then supplement the stripped-down product with one or more carefully selected attributes that are more commonly associated with highly augmented products. This unconventional combination of attributes gives a mature product a distinctive position within the category and helps it get back to the growth phase.

A key factor in the success of the Swedish furniture retailer Ikea has been reverse positioning. Furniture companies have over the years steadily augmented their offerings.

The Hindu Business Line : Creative repositioning

They typically carry a wide product range. Sales consultants pamper customers, presenting them various options including package deals that involve delivery of new furniture and disposing the old.

Ikea's approach has been different. A typical Ikea store does not provide in-store sales assistance. The variety is limited. There is no delivery option. Most of the furniture requires assembly. Ikea does not guarantee durability. It even attempts to convince buyers that furniture should be replaced often.

But Ikea has supplemented its no-frills value proposition with a unique shopping ambience. The retailer's stores have an airy, ultra-modern look with a beautifully designed, company-operated daycare centre and a delightful café where customers can enjoy themselves. Ikea also offers items besides furniture - brightly coloured houseware and cleverly designed toys that are not available at most other furniture stores.

Ikea has successfully differentiated itself from middle-tier furniture stores, low-end warehouse stores and big retailers. The Swedish retailer has created a new segment by attracting customers from students to young urban professionals - who previously purchased furniture at a range of outlets.

With breakaway positioning, a product escapes its category by associating with a different one. Customers associate products with a category through their design, distribution channels, promotions, and pricing. Each of these elements provides cues to consumers. By manipulating these cues, a firm can change how consumers 'frame' a product and, therefore, how they respond to it. Instead of seeing the breakaway product as simply an alternative to others in its category, consumers perceive it as altogether different.

Swatch is an excellent example of breakaway positioning. Before Swatch was launched in 1983, Swiss watches were marketed as a form of jewellery. They were serious, enduring, expensive and discreetly promoted. Swatch positioned its watches as playful fashion accessories. They were fun, not expensive, and showily promoted, to encourage impulse buying. Their price - \$40 when the brand was introduced - expanded Swatch's reach significantly.

In stealth positioning, companies conceal the true nature of their products. This is a powerful strategy for marketers when consumers may feel intimidated or sceptical because previous offerings have failed to live up to expectations. Stealth positioning can give products a fresh run or help new products get off to a good start.

Sony's robot, Aibo, is a good example. Sony knew that marketing an unreliable, human-like household robot that couldn't handle even simple chores was sure to backfire. Rather than disappoint consumers with an inadequate household robot, Sony positioned the product as a lovable but otherwise useless pet. Although somewhat unpredictable, the dog-like Aibo was an immediate hit. In its first two years on the market, Sony sold out its limited production of 100,000 units. Sony subsequently continued to collect consumer feedback to improve its robots. The company is now prototyping its next-generation robot, a little humanoid named Qrio.

Each of the three positioning strategies seems best suited for use in specific circumstances. Reverse positioning is often ideal for services, breakaway positioning for packaged consumer goods and stealth positioning for consumer technologies. This is a

useful rule though there can be exceptions.

Services being intangible, too many options may end up confusing rather than delighting customers. Customers may not mind if certain benefits or options are eliminated in return for transparency and simplicity. Wal-Mart is a good example. People who go to the retailer's stores know they get the best deal even if it is a no-frills ambience.

Products, on the other hand, are tangible. Consumers often learn to appreciate new features as products evolve. Thus, consumers tend to welcome new options, particularly in case of mature products where purchasing is mundane and routine. Breakaway positioning leverages the ease with which consumers judge familiar products and their desire for novelty. It also often expands category boundaries by attracting imitators. The watch-as-fashion-accessory sub-category pioneered by Swatch now represents a significant portion of the overall watch market.

Stealth positioning is well suited when products are perceived as having intrinsic shortcomings, such as being difficult to use, unreliable, or threatening. Although many types of products have such shortcomings, they are particularly common among consumer technologies in early development. In cases like these, repositioning the product without actually changing it can neutralise its apparent shortcomings. Sony's positioning of Aibo robot as a lovable pet shifted the attention of consumers away from its limitations as a household aide and turned even the elderly into early technology adopters.

From a practical perspective, the distinctions among reverse positioning, breakaway positioning and stealth positioning may not be all that clear. Effectively, what all of them imply is that companies can create new opportunities by repositioning their products or services in unconventional ways.

In India, we have some good examples of marketers using creative positioning to build powerful brands. The programme *Kaun Banega Crorepati (KBC)* featured on Star Plus is a good example. Quiz contests would normally find it difficult to capture the attention of the masses as soap operas like *Kasauti Zindagi Ki* can. But *KBC*'s positioning is quite different from that of quiz contests. It is about excitement, building community and having great fun. The presence of Amitabh Bacchan has given the programme a different complexion. Amitabh cracks jokes, gives hints, cautions participants when they are giving a wrong answer, gives them plenty of time to think and generally puts them at ease. The help lines give participants a sense of comfort. If they find themselves in a spot, there is someone to help them out!

Another good example is Titan. Before Titan entered the industry, watches were sold in the general bazaar. Titan used catchy advertisements, changed the shopping ambience, invited customers to enter the retail outlets and freely shop around. It has, in the process, effectively created a new category. Encouraged by its success in watches, Titan has moved into jewellery with Tanishq.

Volvo buses are another good example. By giving new benefits to Indian passengers in the form of comfort and speed, Volvo has created a new category distinctly different from the traditional long distance bus operators. Who is operating the tour has become less important. What has become more important is whether the operator is using a Volvo or not! Volvo has successfully reversed the trend of commoditisation in the long distance road transport business.

The Hindu Business Line : Creative repositioning

In short, creative positioning can defy the conventional product life cycle and create new opportunities for marketers. It is left to the imagination of marketers to come up with suitable positioning.

(The writer is Dean, Institute of Chartered Financial Analysts of India, Hyderabad.)