Strategic Marketing Positioning and Repositioning
-- Some Success Stories Using Marketing Research*
by
Lynn Ying-Shiang Lin**

I. Key Considerations in Finding a Niche in the Marketplace
The key elements in successful strategic positioning or finding your niche in the market place is understanding and planning, which is done primarily through market research. Because markets are always changing, research is necessary to:
- Track new consumer needs, opinions and wants.
- Assess life style trends and changes and attitudes.
- Assess environmental trends.
- Assess economic developments and political environments.

In addition some key questions need to be answered:
- What is our business?
- Who are our customers?
- What do they want?
- How much will they buy and at what price?
- Do we wish to be a product leader?
- Do we wish to develop our own new products?
- What advantages do we have in serving consumer needs?
- What is our existing and potential competition?

Once these are answered, positioning of a product can be better developed, and finding that "right niche" will come easier.

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II. Two Basic Requirements of a Successful Product

Underlying this are two basic requirements the product must have:

1. Quality.
2. Good Price/Value.

In any competitive market there is little or no room for new products of inferior quality, unless they also offer a significant price advantage. Consumers have too many purchase options to tolerate an inferior product. In addition, quality is defined differently for different products and could be a combination of more than one attribute. For example:

In the Food category - Quality can mean, good taste and nutritious.

For Drugs - Quality can mean, efficacy and safety.

For Household Cleaning Products - Quality can mean, efficacy and convenience.

For Automobiles - Quality can mean, low repair frequency, sturdy, comfortable, and good gas mileage.

Secondly, good price/value of the product does not necessarily mean a low price, but a good price/value perception. For example: L’Oreal - Cartier - Gucci - Tiffany are all products on the upscale side of price range. Appropriate pricing is a vital factor in consumer acceptance and one that should be tested carefully along with product quality. The following table shows the dramatic difference in respondents purchase intent scores for the same product - priced and unpriced.

**IMPORTANCE OF PRICING**

<table>
<thead>
<tr>
<th>Purchase Intent</th>
<th>Product 1</th>
<th>Product 2</th>
<th>Product 3</th>
<th>Product 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ No $</td>
<td>$ No $</td>
<td>$ No $</td>
<td>$ No $</td>
</tr>
<tr>
<td>Definitely Would Buy</td>
<td>13% 21%</td>
<td>9% 13%</td>
<td>21% 26%</td>
<td>11% 13%</td>
</tr>
<tr>
<td>Probably Would Buy</td>
<td>37% 43%</td>
<td>52% 55%</td>
<td>40% 42%</td>
<td>39% 39%</td>
</tr>
<tr>
<td>Might or Might Not Buy</td>
<td>22% 17%</td>
<td>21% 19%</td>
<td>17% 17%</td>
<td>23% 26%</td>
</tr>
<tr>
<td>Probably Would Not Buy</td>
<td>16% 12%</td>
<td>13% 10%</td>
<td>9% 8%</td>
<td>18% 15%</td>
</tr>
<tr>
<td>Definitely Would Not Buy</td>
<td>12% 7%</td>
<td>5% 13%</td>
<td>13% 12%</td>
<td>9% 7%</td>
</tr>
</tbody>
</table>
Product 1, tested without a price (or range of prices) would have been considered a good risk with a 64% positive purchase intent. Sent into the marketplace with much expensive fanfare, it would have been greeted by the less enthusiastic response represented by a 50% score.

III. Examples of Some Successful Marketing Positionings
The following examples will show specific products that found that "special niche" in the marketplace, and as a result became very successful.

1. LeMenu Frozen Dinners - Campbell’s
Research in 1980 identified there was a great potential for a top quality frozen meal. As a result Campbell’s introduced LeMenu which was high in quality, higher priced, convenient and a frozen dinner that catered to consumers with a taste of elegance and was positioned as such. Additional research went into developing the white plate the dinner comes on. It looks like china but is able to go in the oven or microwave oven, thereby getting rid of the familiar aluminum tray/plates consumers were used to seeing. Its best customers are those aged 25-45 in the $25,000 plus income bracket. As a result of its positioning and fulfilling a specific need it became a $200 million success in a little over a year.

2. Calcium Supplement Category - OsCal
The calcium supplement market has been sky rocketing ever since studies began linking calcium deficiency with osteoporosis, a condition which afflicts women in middle age.

GROWTH OF CALCIUM SUPPLEMENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>$ 47 Million</td>
</tr>
<tr>
<td>1984</td>
<td>$ 87 Million</td>
</tr>
<tr>
<td>1985</td>
<td>$125 Million</td>
</tr>
<tr>
<td>1986</td>
<td>$166 Million (estimated)</td>
</tr>
<tr>
<td>1987</td>
<td>$200 Million (estimated)</td>
</tr>
</tbody>
</table>
OsCal was one of the first national brands, it has a multi-million dollar advertising campaign and it leads the category. It advertises to women in their 30's, who are health conscious as a prevention to osteoporosis, a line in one of its advertisements says “Do something about calcium deficiency before your body does.” It leads the consumer to take responsibility for her health and as a result has been successful.

3. Quaker Oats Chewy Granola Bars
   Another successful niche is that of the granola bar category. It is relatively new but extremely successful in meeting the needs of a nutritious snack and breakfast alternative. Quaker Chewy Granola Bars took over the No. 1 position, from the leader that claimed to have two-thirds of the category, in its first year of introduction. It was supported very strongly in its advertising as being nutritious, wholesome, and good tasting. Quaker Chewy Granola Bars had sales of $100 million in 1984, the second year on the market and sales of $300 million were seen in 1985.

4. Slice With 10% Fruit Juice
   Slice is one product that has capitalized on the growing healthy lifestyle trend. It is a soft drink with 10% real fruit juice and satisfies the need for something natural and healthy with the refreshment of a soft drink along with the great taste of real fruit juice.
   There has been an increasing trend in juice consumption and Slice has done so well with its 10% real juice soft drink that is is expected to follow with a Mandarin orange variety as well as other flavors. As of the fall, 1985 Slice had a 2.1% share of the total soft drink market which is very good for a new entry. Coca-Cola is also introducing an orange soft drink bearing the Minute Maid name and featuring 10% real orange juice.

5. Campbells Soup
   Another very successful product is Campbells Soup, which dominates the prepared soup category. As the major national brand it is advertised as being economical, nutritious, good tasting, high in quality and offers something for every palate. Traditionally, soup was for lunch with a sandwich and heavily
oriented toward families with children. In the 50's and 60's its major advertising slogan was “Mmm Good, Mmm Good, ... Thats What Campbell Soups Are, Mmm Good”! More recently in keeping with the healthy lifestyle trend and the increase in single member households, Campbell repositioned from a fun, good-tasting sandwich supplement to a nutritionally balanced main meal with “Soup For One,” “Chunky Soups that eat like a meal” and “Bring Home the Campbells, Soup Is Good Food” strategies. The shift in positioning is both from children to adults and from an emotional appeal of good motherhood to a very rational and functional appeal of good nutrition. It now controls 64% of the total prepared soup market, evidence of the fact that it is doing something very right.


Aspartame the artificial sweetener ranks as another revolutionary new product. It is manufactured by G.D. Searle under the NutraSweet and Equal brand names. It tastes more like real sugar than saccharin, it is low in calories, has no aftertaste and it fills the need for a low calorie, sugar substitute that weight conscious consumers have.

Aspartame has almost universal use in diet soft drinks and the diet soft drink category has grown dramatically since its introduction. Diet Coke’s success can be partially attributed to NutraSweet, having an estimated $800 million in sales. Powdered soft drink sales were flat in the U.S. for 5 years prior to the introduction of NutraSweet. In April 1983, when powdered soft drinks used NutraSweet, the market jumped by 25% in gallons in the Summer peak and increased dollars by 44% in the total category. Companies that launched their product with NutraSweet increased their total presweetened powdered drink sales by 73% in 10 months. Those who did not, saw their sales decline 16% in the same period. Diet manufacturers are promoting new and redeveloped products using NutraSweet and discontinuing some saccharin desserts and many national brands such as General Foods, Carnation, Nabisco, Lipton Tea and Borden are using it in their products.
Strategic Marketing Positioning and Repositioning

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The artificial sweetener and sugar substitute category's phenomenal increase in sales over the past few years has everything to do with the introduction of Equal. Equal entered the market in the fall of 1982 and sales quickly hit $97.5 million in 1983. At the start of 1985, Equal accounted for more than 60% of the category's dollar volume.

7. Dollar Sales of Artificial Sweeteners and Sugar Substitutes

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars (in $2MM)</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>$87 Million</td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td>$93 Million</td>
<td>+7%</td>
</tr>
<tr>
<td>1983</td>
<td>$151 Million</td>
<td>+62%</td>
</tr>
<tr>
<td>1984</td>
<td>$191 Million</td>
<td>+26%</td>
</tr>
</tbody>
</table>

8. Ibuprofin - Advil and Nuprin

Ibuprofin is a new type of analgesic, pain reliever and inflammation reducer that was approved in May 1984 by the Food and Drug Administration for over-the-counter use. Advil was the first brand to be introduced (on June 1 approximately) and one month later (July 1) Nuprin was introduced. Testing conducted prior to their introductions revealed that Nuprin had a better trial potential then Advil. However, due to a higher spending level, along with a slight time edge, Advil, the first product out had a 2 to 1 sales advantage over Nuprin after 6 months. The follow table show these results.
Sales Effect of Marketing Spending and Timing Introduction

<table>
<thead>
<tr>
<th>Approximate Launch Date:</th>
<th>June 1</th>
<th>July 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADVIL</td>
<td>NUPRIN</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Brand Awareness:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Awareness</td>
<td>Claimed Trial</td>
</tr>
<tr>
<td></td>
<td>June</td>
<td>July</td>
</tr>
<tr>
<td></td>
<td>22%</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>8%</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td>0</td>
</tr>
</tbody>
</table>

Ad Spending Index
For Year 1
(Approximate) 100 83 (83% of Product 1)

Promotion (Trial Size Drop) - in Millions
2 8

Unit Sales Index 100 45

Strategic problems for Nuprin: — order of entry (second)
— low share of voice (TV advertising)

Another successful example of strategic positioning is Compaq Computer Corporation. It is one of the most successful newcomers in U.S. corporate history becoming the first company to hit sales of $111 million in its first year of production. Sales were $329 million in 1984. Compaq marketed the first portable IBM compatible personal computer and positioned itself squarely against IBM. Compaq’s PC has more features, will run the same software as IBM’s and will execute programs two to three times faster. When IBM introduced its own portable in 1984, Compaq walloped the new machine and outsells it 5 to 1.

Part of its success is due to its distribution strategy (solely to retailers) and its generosity to retailers (36% mark-up for dealers profit vs. IBM’s 33%). In addition, Compaq takes advantage of the dealers’ loyalty by using them in market research. Several times a year key dealers are brought to headquarters and through all-day interviews and questioning COMPAQ finds the answers to why products are selling, what customers are asking for in stores and other valuable information for development. Through this process Compaq can provide the dealers with products they want and in turn will want to sell to the consumer.

10. Fitness Facilities In Hotels

Another example of how the lifestyle trend of health and fitness has entered our lives, is that it has extended its impact into the service industries, specifically into the world’s finest hotels. Four hotel chains, Four Seasons, Hilton, Hyatt and the Marriott, as well as many others now offer special calorie- and cholesterol-counted menus in their restaurants, positioning themselves to health conscious eaters.

In addition more and more hotels are offering complete fitness facilities on their premises. For example:

- The Conrad Hilton in Chicago went through a $150 million renovation which included a structure offering an indoor running track, Olympic-size pool, saunas, whirlpool, and exercise machines.
11. Volvo

The Volvo automobile is considered to be the safest car manufactured and its success has been attributed to this positioning. It is safe, extremely well built, strong and reliable. Safety features are built into the car which no other cars have. If you are in an accident it is considered the safest car to be in. Volvo’s advertising stresses these unique attributes and many executives, and traveling salesman have purchased a Volvo in order to keep themselves and their families safe. Sales in 1984 were about $10 billion or 12% of Sweden’s Gross National Product. They build about 390,000 cars per year with about 100,000 going to the U.S.

12. In-Home Diagnostic Testing Kits

With the lifestyle trend of consumers wanting to take care of their health, In-Home Diagnostic Testing Kits have become a big hit. They include blood pressure monitors, home pregnancy kits, ovulation tests, glucose monitors, cancer tests and diabetic diagnosis. Many consumers want to get their health information directly, not just through physicians. As a result, in-home tests have shifted some health care responsibility to the consumer. Due to this shift in consumer attitude as well as lifestyle changes the home diagnostics market is growing rapidly with a predicted growth rate of 27% annually for the next five years.
13. Country Morning Blend - Land '0 Lakes

Another successful positioning as well as being a unique product is Country Morning Blend which is a butter and margarine blend product. It has the advantage of tasting like butter, but is lower in calories and less expensive than butter. When it was first marketed, Land 'O Lakes decided on the new brand name of Country Morning Blend rather than a Land 'O Lakes blend, in order to reduce cannibalization on its own existing brands of butter, and thereby creating a new market.

14. Draft Beer In Japan

Draft beer in the bar was the only way that beer was available in Japan, cans and bottles were non-existent. However, the now No. 2 and No. 3 manufacturers produced their beers in cans and bottles and have enjoyed the success from this addition.

IV. Examples for Repositioning and Revitalizing Mature Products

Data which compares new-product introductions between 1978 and 1981 with those since 1982 show that recent introductions generate 15% less trial, and that repeat purchases are 6% lower than for pre-1982 products. It seems consumers are less likely to be interested in the same new product today as they would have been five years ago. For example, in the U.S. breakfast cereal category, the average first year sales volume of new products is down by at least 20%.

A couple of ways that marketers counter this trend is by repositioning their products to generate additional sales and also by positioning new products as line extensions or improvements of existing brands rather than introducing an entirely new brand.

Some Successful Examples Are:

1. Marlboro Cigarettes - Philip Morris

One of the greatest success stories in repositioning an existing brand is that of Marlboro cigarettes. The original Marlboro
positioning in the 1950's was as the first filter-tip, low tar and nicotine cigarette targeted toward women smokers. Philip Morris did the repositioning by creating the "Marlboro country" theme and shifting to the masculine Marlboro cowboy image. Ever since the Marlboro cowboy first appeared in 1955 its sales and its share have increased. Along with its successful repositioning in the U.S., Philip Morris started to market it globally with the same consistent Marlboro cowboy theme. The Marlboro cowboy may be the greatest advertising image ever created and one of the most recognizable around the world.

### Marlboros Share in Recent Years

- 1978 #1 with 16.7% share
- 1983 #1 with 20.1% share
- 1984 #1 with 21.1% share
- 1985 #1 with 21.5% share

The cigarette market is suffering due to the healthy lifestyle trend of abstinence, although the market as a whole has lost unit sales of 5%, over the past three years, Marlboro increased 7.4% in unit sales last year and now controls 21.5% of the U.S. cigarette market. Although Philip Morris is not entirely sure why Marlboro has such appeal, a former Philip Morris senior executive guesses that part of the brand's popularity comes from a reaction to the no-smoking faction: "People who accept the fact that they are going to smoke even though it's bad for them say they want a real cigarette, a full flavored one, like Marlboro." Over 40% of smokers under 24 call Marlboro their brand.

### 2. Arm & Hammer Baking Soda

Another example of successful revitalization of a product is shown by the varied uses of Arm & Hammer Baking soda. This is a product whose primary use is as a leavening agent in many baked goods. The manufacturer also knows that it is a great product for all-purpose cleaning, deodorizing and teeth cleaning as well as its use in baking. Using the deodorizing property,
its advertising emphasizes the absorption of odors in the refrigerator and the freezer (necessitating two boxes minimum per household) to preserve the taste of the food and also for cleaning and deodorizing of carpets. The majority of its advertisements stress these varied uses and as a result purchase incidence has risen.

3. Johnnaon & Johnson Baby Shampoo
   This is a product that was initially positioned toward babies because it is mild to baby's scalp and it doesn't hurt baby's eyes if some soap should get in—an ideal product for babies. The declining birth rate created some problems for any baby product marketers including baby shampoo. With most consumers perceiving Johnson's Baby Shampoo as being safe and gentle enough for baby's hair, Johnnaon & Johnson decided to reposition the product and broaden the usage to every member of the whole family. Through clever advertising (using a football quarterback Fran Tarkenton as spokesman) "If it's gentle enough for baby, It's gently enough for me (adult) to use it everyday." This type of ad convinces adult consumers (both men and women) to buy the product as a family shampoo for all generations.

4. Miller Beer - Philip Morris
   When Philip Morris purchased Miller Brewing Co., Miller Beer was way behind (8th) in market share. Original positioning for Miller Beer was "champagne of bottled beer", designed for the affluent, the occasional beer drinker and women. It was only sold in bottles which were mainly consumed at home.
   At that time, most U.S. beer companies were more product than market-oriented, more concerned about the fine points of product quality than actual values beer drinkers were getting from their products. The fact is that most American beer drinkers cannot tell one brand of beer from another. Market research shows that taste is not the only important factor in choosing beer. Through research, Miller found out that heavy users were young, male and highly concentrated in blue-collar occupations. Also, these primary customers drank at a bar,
not at home, and he usually drank with his buddies from the job and not with his wife. The identification of the heavy beer user is very important. It’s estimated that the top 20 percent of American beer drinkers consume about 90 percent of all beer, and as many as 65% of adults do not drink any beer at all. Now came the new positioning and strategies for revitalizing Miller Beer. They created “Miller High Life” and aggressively went after the heavy user market. Distribution and packaging (cans) were expanded to fit the working man’s living and drinking habits (taverns, bowling alleys, etc.) A heavy TV advertising campaign (four times the market leader in sports programming) was launched and maintained to create “Miller Time” (after work at the bar drinking with friends). Today, Miller beer is No. 2 and challenging the market leader Budweiser for the top spot.

5. Aseptic Containers - Brik Pak - Tetra Packs
Another very successful revitalization was the effect the introduction of aseptic containers had on the juice and drink market. Juices and drinks in aseptic packaging have flooded supermarket shelves and boosted sales five times in as many years. More than 1 billion of these containers were sold in the U.S. in 1984. The increasing popularity of the aseptics has not diminished juice sales in traditional bottles and cans. Rather, aseptics have opened the away-from-home market, while canned and bottled juices continue to fill the need at home. In addition the majority of aseptic drinks are advertised as part of an entire juice and drink line that comes in a variety of forms.

6. Orange Juice
Another successful revitalization occurred with orange juice over the past couple of years. Orange juice used to be thought of as a breakfast juice only. With the healthy lifestyle trend beginning the Florida Orange Growers Association capitalized on this and advertised that orange juice was a healthy drink and it was “not just for morning anymore.” The target of Florida OGA is: “The market is everyone and (usage) occasion is anytime.” The message is: “Orange juice is more than just natural.
and healthy, it is good tasting and refreshing for all occasions and for everybody.”

V. Examples for Extending Brand Names
As was shown before, new product introductions do not enjoy the success they had before 1982, therefore many manufacturers have capitalized on the success of an existing brand name for its new products. They are discovering that a well-recognized brand name is an asset that lessens the risk of introducing a new product and can provide the key to a successful introduction. In addition, another major advantage is cost effectiveness. It costs from one-fifth to one-half as much to market and advertise a brand extension as it does to launch a new name. Procter and Gamble, the U.S. consumer product marketing giant, seems to agree with this philosophy. For example, Procter and Gamble in recent years has done the following established brand name extensions:

- Ivory Soap and Ivory Shampoo
- Tide Detergent and Liquid Tide Detergent
- Duncan Hines Cake Mixes and Duncan Hines Packaged Cookies
- Crest Toothpaste and Crest Tartar Control Toothpaste

Other examples are:
- Unilevers' Coccolino Fabric Softener to Coccolino Detergent
- Coca-Cola's Coke to Diet Coke to Cherry Coke
- Haagen-Dazs Ice Cream to Haagen Dazs Cream Liqueur
- Dole Canned Pineapple to Dole Fruit ’N Juice Bars (frozen)
- Arm & Hammer Baking Soda to Arm & Hammer Laundry Detergent to Arm & Hammer Oven Cleaner to Arm & Hammer Carpet Cleaner

However, there are some risks involved in brand name extension since a brand name may be a firm’s most impressive asset, and undermining it with a product that fails can alienate current customers and cost additional money to re-establish the brand’s identity.

One example of this would be when General Motors introduced the Cadillac Cimarron a few years ago. The Cimarron was
intended to compete with small luxury cars but was unsuccessful in attracting new purchasers. The main reasons consumers have for purchasing a Cadillac are for its being very roomy with a powerful engine, and making them feel they are king of the road. The Cadillac Cimarron did not fit these attributes. Consequently Cadillac felt it necessary to run an advertising campaign to re-establish its image as a market leader.

VI. Summary
To summarize, a company’s strategic (marketing) positioning of its products can either be very successful or disastrous. Through proper research, understanding and planning, a products’ positioning can make it easier to be successful.
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