Chapter VIII

The E-Mode of Brand Positioning:
The Need for an Online Positioning Interface

S. Ramesh Kumar
IIM, Bangalore

ABSTRACT

Brand positioning is a crucial strategy to any brand’s strategy. Given the rapid development of technology and its impact on online strategies, changing lifestyles of consumers and the consumer interaction required as a part of contemporary brand strategy, there may be a need for brands to synergize their positioning strategies with online positioning strategies. This would enable brands to adapt to an environment which is increasingly becoming digital. The paper after taking into consideration the published literature on brand positioning, attempts to formulate online positioning strategies using different aspects of brand positioning, price, customer interactivity and consumer community orientation. Implications for marketing managers are provided.

INTRODUCTION

Brand positioning has been the cornerstone of marketing strategy in the recent times in fast moving consumer product categories, durable categories and services. It would be difficult to think of a strategy for any brand without a well thought-out strategy for entering the consumer’s psyche (Ries and Trout, 1987).

Thus, Nike’s success could be attributed to the positioning that it is worn by the world’s best athletes as reflected by the Michael Jordan cam-
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paign (Trout and Rivkin, 1999). While the challenges concerned with positioning strategies still remain with the marketers, the environment has been changing with the influence of web-based marketing. In the year which closed in Sept. 1999, there was an increase of 221.5% of the goods which were traded over the Internet. Consumer goods registered an increase of 665% increase over the same period (Wind and Mahajan, 2001).

The consumer is becoming more evolved in terms of information control. The consumer is no longer likely to receive information without the interactive component being present when he/she gets involved in consumer decision making. Hence, the traditional positioning strategies may not succeed as segments are becoming smaller and less homogenous (Solomon, 2003). A number of established brands have also started using the Internet and the Web to adapt to the changing environment. Some of the global brands to make this transition include Levi’s, Dockers and Barbie (Ries and Ries, 2000).

Even in a developing country like India where less than 5% of the total retail sales come from organized supermarkets/malls and the penetration of the Internet is miniscule, supermarkets like Subiksha and FabMall (www.fabmall.com) have started online marketing of groceries and consumer goods. Fabmall started as an online store at Bangalore with books and music and over a period of time has added several categories like groceries, jewelry and gifts. It has since added physical retail stores around the city of Bangalore. Today, its model attempts to synergize the advantages of retail outlets and online dimensions. The physical retailing model of the company has grown from revenues of Rupees (Rs) 4 million to Rs 15 million per month from April 2003 to November 2003 (Kumar and Mahadevan, 2003).

The trend of having multiple channels to reach the consumers could result in building a good brand besides the profitability aspects. Subiksha is a discount grocery store at Chennai (previously known as Madras) which deals with low priced groceries. The store has a network of stores around the city and has started online operations by which customers could order groceries. The unique aspect of this store is that the residential neighborhoods are located close to the network of stores and hence the delivery charges which are normally significant get saved.

This integration of physical and online presence is commonly observed in global brands. Charles Schwab transacts 80% of its business over the Internet but increased its offline presence as both channels would be required to service its customers (Lindstorm, Peppers and Rogers, 2001). Tesco, the UK based retail chain with 600 stores, 60,000 product-lines and 10 million customers who are members of a loyalty program has illustrated how the combination of online and offline retailing could develop a successful retail brand. Amazon.com with a customer base of 8.4 million and 66% of sales being contributed by repeat purchasers is a brand which has an association of customizing products (books, music etc) to the needs of consumers by suggesting a number of options which they may not have otherwise considered (Rust, Zeithaml and Lemon, 2000).

Given the rapid challenges in the marketing environment and consumer lifestyles and the growing influence of technology with regard to consumer retailing and marketing communications (e.g. advergaming and SMS messages), there is a distinctive need to explore new conceptual frameworks for the concept of positioning. There are two stages which would lead to the development of such frameworks which could assist practitioners in a marketing environment. The first stage is concerned with analyzing the existing dimensions of brand positioning with a view to examine how they could be used for a brand which will have both online and offline retail channels. The next stage is to develop a framework for categories of consumer products from the insights gained from the first stage.
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