

35. EFFECTIVE BRAND POSITIONING

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The information on the necessity of forming an effective strategy of brand positioning is presented in the paper. The main stages of its creation are described. Special attention is paid to reputation as one of the components of brand positioning.

The relevance of the subject of this discussion is provided by the logical gap between the real customers' demands and the main companies' expenses. Brands develop certain processes to create innovative products at the best price, but this does not provide businesses with the best market positions, because the main reason customers acquire certain products lies in the area of customer value. In marketing, value is defined as the difference between a prospective customer's evaluation of the benefits and costs of one product when compared with others [1]. Therefore, vendors are trying to offer the most value due to positioning.

Kotler has defined brand positioning as "the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market" [2]. Due to brand positioning target segments memorize company's products better, differentiate them among similar competitors easily. Positioning gives the opportunity to define company's assortment in the best possible way. A company becomes vulnerable to unfavorable changes in the external environment without choosing a strategy of profitable positioning. In "Positioning: The Battle for Your Mind", Al Ries and Jack Trout stated that positioning is "an organised system for finding a window in the mind. It is based on the concept that communication takes place at the right time and under the right circumstances" [3].

The process of positioning involves differentiating company's goods and services according to the characteristics, which provide the highest value to consumers. Therefore, it is important for a company to select ways of standing out among its competitors carefully. The process of forming an effective strategy of positioning consists of three stages [4]. The first stage is to identify a set of possible competitive advantages that are suitable for positioning. The second stage is to select the most appropriate for the company's goals advantages. The third stage is to establish and consolidate the chosen position on the market. Companies take a number of steps to bring the position to the attention of the target customers and make the position profitable. If a company decides its strategy to be based on higher quality or services, then this position should be provided. Every element of marketing mix – product, place, price, promotion – should work for the positioning strategy. Creating a compelling, well-differentiated brand position requires a keen understanding of consumer needs and wants, company capabilities, and competitive actions. Thus, a company with a position of "high quality" must produce relevant products, set high prices, distribute with the participation of fast delivery dealers and advertise in media with good reputation. The company should carefully train its service staff to interact with customers in the best possible way, cooperate with the retailers with the best reputation to develop its distribution system and to advertise its products as the best on the market. This is the only way to build a solid and trustworthy position based on high quality products and services.

Because of cutting-edge technology, shorter product life cycles and fast changing trends, brands should be dynamic enough to behave in a particular way in different situations. However, the characteristics of the brand must remain immutable. Positioning is the foundation for reputation, that is why brand appearance can be modified while the brand position and reputation remain unchanged. Promises made to consumers must be kept at all times, that is why brand reputation is the main component of effective positioning strategy. Brand reputation is a confirmation of promises made by positioning: product and service quality, usability. A good reputation is the positive experience gained by customers due to interaction with the brand. Brand reputation management, implementation of reputation-building, maintenance and restoration activities are important for business. Reputation also directly affects the capitalisation of the brand. Therefore, companies can no longer make unverifiable promises. Reputation is the real image of the company, which may correspond to the positioning or completely contradict it.

Generally, brand position allows a company to differentiate itself from rivals and gain customers' loyalty. Effective position strategy helps to build a clear brand image in the consumers' minds and take

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a profitable place in the market. This motivates customers to buy company's products and provides brands with permanent income.

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