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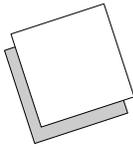
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Positioning strategies in business markets

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Abstract *Tests the relevance of positioning within the domain of business marketing through the application of a new typology of positioning strategies. The proposed typology is tested in a well-established market sector which is characterised by commodity products and consequently the research deals with positioning as applied to actual companies rather than specific brands. Our results offer strong support as to the stability of the proposed typology and the relevance of the concept of positioning in business markets. The authors suggest that although business positioning is predominantly determined by hard criteria (e.g. product quality) and relationship building factors (e.g. personal contact), other considerations such as company structures (i.e. geographical coverage), breadth of offerings and degree of integration (i.e. location in the distribution chain), also play an important part. Finally, we offer support to the claim that, level of familiarity with a specific company is a contributing factor to perceptions of the pursued positioning strategies.*

Introduction

There is general agreement that the concept of positioning has become one of the fundamental components of modern marketing management (Kotler, 2000; Hooley *et al.*, 1998). Its importance is further supported by evidence that indicates a positive relationship between company performance (in terms of profitability and/or efficiency) and well-formulated and clearly-defined positioning activities (Brooksbank, 1994; Devlin *et al.*, 1995; Porter, 1996).

Although a number of authors in business marketing fail to deal/debate issues of positioning (Wilson, 1991; Powers, 1991; Haas, 1995) there is also clear acknowledgement of the relevance and importance of the concept within the domain of business marketing. Dovel (1990) contended that:

Positioning shouldn't be just a part of your strategy. It should be the backbone of your business plan.

This is echoed by Webster (1991) who stated that:

Positioning is an important strategic concept, developed in consumer marketing but with equal applicability for industrial products and services.

He goes on to refer to it as "... the firm's value positioning ..." which he defines as "... the firm's unique way of delivering value to customers."

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Concept of positioning

Cross-sectional study

Despite the above, we have been unable to identify empirically developed and reliable positioning typologies and models that would allow the development of normative guidelines. Such observations formed the basis of the research reported here. More specifically, the purpose of the present research is to test a new positioning typology in the domain of business marketing and determine whether the proposed typology contains predictive and/or explanatory powers in terms of positioning strategies as perceived by those operating within a well-established, commodity market sector.

In this paper we first debate general issues of positioning before we proceed to review literature that deals specifically with the diffusion and use of positioning strategies in business marketing. Results of a cross-sectional study of industrial firms operating within a specific sector of the UK economy are presented and a number of implications are drawn for both theory and practice.

The concept of positioning

Positioning appears to have evolved from market segmentation, targeting and market structure changes during the 1960s and the early 1970s (Sekhar, 1989). In the last few years, however, writers on the subject have credited Ries and Trout for popularising the term. In their work, Ries and Trout (1986) concluded that,

Positioning starts with the product. A piece of merchandise, a service, a company, an institution, or even a person . . .

They go on to argue that positioning is not what is done to the product/service, but rather what is done to the mind of the prospect, “. . . positioning shifts the emphasis of marketing from the product to the battle for your mind.” The emphasis of their debate (supported almost exclusively by their consultancy and personal experiences) centered around the communications/advertising elements of positioning. This theme has been adopted by Kotler (2000) who provides the following definition,

Positioning is the act of designing the company’s offering and image to occupy a distinct place in the target market’s mind.

Although the definitions of Ries and Trout, and Kotler are among the most widely quoted, a single, universally accepted definition has yet to emerge. At the same time, several terms such as positioning (Kotler, 2000), position (Smith and Lusch, 1976), product positioning (Harrison, 1987) and market positioning (Greenley, 1989) have been proposed in the literature. However, we believe that Arnott’s (1992) statement that the various definitions and terminologies are simply “. . . several sides of the same coin . . .” illustrates the fact that most of the apparent definitional differences are substantively superficial. He goes on to state that:

. . . positioning is the deliberate, proactive, iterative process of defining, modifying and monitoring consumer perceptions of a marketable object . . .

Deliberative and proactive

In other words, the process of positioning can be described as iterative, it necessitates deliberate and proactive actions, it involves decisions at conceptual, strategic and operational levels and should reflect the triumvirate deliberations of the company, its competitors and its target market/customers.

Unfortunately, the above are not reflected in current literature. Despite its apparent relevance to a broad spectrum of marketing activities, a review of

Lack of a clear understanding

extant literature indicates that research on the subject is rather narrow in focus and is dominated by the following two themes:

- (1) advertising (see, among others, Pechmann and Ratneshwar, 1991; Kalra and Goodstein, 1998); and
- (2) analytical techniques (see, among others, Green and Krieger, 1989; Carroll and Green, 1997).

In addition to the above narrowly confined research activities we offer the following as contributing factors to our claim that there is still lack of a clear understanding of the concept and its relevance to the management of marketing activities:

- Lack of well-grounded and empirically developed and validated positioning typologies. Extant literature indicates that some of the most widely referred to typologies, e.g. Aaker and Shansby (1982) and Easingwood and Mahajan (1989), are purely conceptual, while others, e.g. Crawford (1985) and Arnott (1992) reflect mainly managerial, as compared to customer, perspectives and lack rigorous validation. Furthermore, we have identified a tendency for the term “positioning strategies” to be used in a rather vague and/or misleading way, e.g. Dillon *et al.* (1986) refer to the term as “Positioning (repositioning) strategies can be characterized as attempts to move a brand to a particular location within a perceptual map”, while Apostolidis *et al.* (1989) confuse strategies with purpose, i.e. refers to attitude change, brand-product change and competition change as representing positioning strategies.
- Paucity of coherent strategic positioning models. We have been able to identify only two formally expressed positioning models, these are the “Brand Concept Image Management” model proposed by Park *et al.* (1986) and the “Generic Positioning Model” formulated initially by Hooley and Saunders (1993) and further elaborated by Hooley *et al.* (1998). Despite their merits, both of these models lack operationalisation instructions and offer no normative guidelines. In addition we find little credence in the claims of some authors (see for example Johar and Sirgy, 1989; Kalra and Goodstein, 1998) that their work represent positioning models. The latter, at best can be described as loosely constructed frameworks (Johar and Sirgy, 1989), or at worse as misinterpretations of positioning altogether (Kalra and Goodstein, 1998).

Application and relevance

Having provided a brief account of the main issues involved we now turn our attention to the application and relevance of the concept within the domain of business marketing.

Positioning the business marketing domain

Consistent with earlier debate, positioning within the domain of business marketing has been found to:

- (a) be firmly placed within the general segmentation-targeting-positioning framework (Wind, 1978; Gross *et al.*, 1993; Bingham and Raffield, 1995) and
- (b) be viewed as a fundamental element of both product and business strategy (Morris, 1992; Hutt and Speh, 1998).

Furthermore, irrespective of the application domain, perceptions are the key elements of positioning and research has provided clear evidence of the

importance that cognitive maps (i.e. the equivalent of perceptions) play in managerial decision making (see, for example, Poulton, 1994; Jenkins *et al.*, 1994).

Consequently, we have been unable to identify any compelling arguments that would lead us to question the relevance and general applicability of positioning strategies and models in business markets. Nevertheless, we must also acknowledge the fact that there are a number of authors who claim that, although the underlying concepts of positioning are similar in both consumer and business marketing, differential approaches are needed during implementation (Doyle and Saunders, 1985). Furthermore, there is a general belief that implementation of positioning is often more difficult and subtle in business than in consumer markets (Bingham and Raffield, 1995).

Unfortunately such claims are not supported by empirical evidence and, invariably, lack a coherent and persuasive debate. In the light of recent evidence (Avlonitis and Gounaris, 1997), we challenge the above claims, i.e. that differences are due to the differential characteristics of business and consumer markets. Instead we propose that the issue is not whether or not positioning in business markets is more difficult or complex than in consumer markets but whether it is simply rarer. In this respect we refer to Reeder *et al.* (1987) who stated that "... very few industrial organisations purposefully employ positioning strategies."

Setting sales objectives

Although we can offer no empirical evidence, we suggest that the latter may be the result of positioning being viewed as part of activities such as setting sales objectives, demand estimation/forecasting and response modeling (Bingham and Raffield, 1995; Brierty *et al.*, 1998). Claims that positioning is predominantly effected through the activities of the salesforce (Dovel, 1990; Bingham and Raffield, 1995) are considered to support our viewpoint.

Turning to models and strategies we have found that, as with earlier debate, there appears to be a lack of clearly defined, operationalised and validated models and strategies specifically developed for the domain of business marketing. While early work by Doyle and Saunders (1985) claims to propose a product positioning model, their paper lacks normative guidelines and offers no clearly defined positioning strategies, thus is viewed as representing a framework rather than a model. More recently Dovel (1990) offered an eight-step positioning process (a marginally modified version of this can be found in Hayes *et al.*, 1996). Despite the fact that the process incorporates some implementation techniques/guidelines, it appears to be sequential in nature, lacks empirical validation, offers no indication of positioning strategies and over-emphasises the importance of communications.

Six-step conceptual approach

The above-stated lack of normative guidelines is also evident in Bingham and Raffield (1995) whose six-step conceptual approach refers to price, technology, product quality, distribution, image and service as positioning alternatives (i.e. strategies). Although their proposals lack empirical support they are illuminated by examples and fit well with results obtained by Bennion and Redmond (1994) whose research (building on earlier work by Bennion, 1987) identified the following four basic positioning dimensions/factors: service, product, support and price. The latter appear to:

- support earlier debate in terms of the need to consider not only the offering but other marketing elements as well; and

Two marketing domains

- be consistent with research in choice criteria that influence organisational buying behaviour (see, among others, Lehman and O'Shaunessy, 1982; Wilson and Woodside, 1995).

Despite the intuitive appeal of this typology its value is questioned both on conceptual grounds, i.e. it implies that choice criteria are synonymous to positioning strategies, and methodological grounds, i.e. respondents provided information in terms of importance of a set of statements while clearly positioning reflects to perceptual evaluations. Finally, similarly to point (b) in the previous section there are a number of business-related publications (e.g. Dickinson and Wilby, 1997) which have totally misrepresented the concept of positioning.

It is clear from the above debate that, despite situational and structural differences, there is apparent convergence in the literature on positioning as related to consumer and business marketing. These two marketing domains appear to share common conceptualisations, implementation themes, research directions and measurement shortcomings.

Research rationale and objectives

The basic rationale behind this research stems from the fact that, although the positioning concept has received considerable attention and acceptance by both marketing scholars and practitioners, there is:

- Paucity of empirical research on positioning typologies, something that has resulted in a rather diffused examination of the concept and its application. In other words, we argue that, until and unless reliable indicators, i.e. typology, of positioning activities are developed, attempts to study the related activities and reach generalisations will range from offering a limited perspective to being totally misleading.
- Limited empirical research of positioning within the domain of business marketing. As the preceding debate has illustrated most of the work is purely inductive and lacks empirical validation.

In addition we must clarify two central themes of this research:

- (1) It is clear from our debate that we do not ascribe to the view that differential measures of the concept need to be developed for the consumer and business domains (see development of constructs in the methodology sections of this paper).
- (2) Since we have no clear appreciation of the way that the concept is actually managed within the business marketing domain we approach the subject from the premise that whether or not positioning is part of conscious and proactive management activities customers will, by themselves, generate relative positions of suppliers.

A robust framework

Consequently, the research presented here attempts to address the above points through the development and validation of a robust framework for the analysis of positioning strategies adopted by companies operating in business markets. More specifically the following objectives have been defined:

- (1) To test the explanatory and/or predictive powers of a new typology of positioning strategies and consequently test whether or not claims related to the specificity of strategies for business markets (for example see Reeder *et al.*, 1987; Bingham and Raffield, 1995) are justified.
- (2) Determine the positioning strategies (as perceived by customers) pursued by selected companies operating within a business sector of the UK

Cross-sectional survey

economy. Although the term product positioning dominates business marketing literature we have chosen as our unit of analysis companies rather than specific products. The rationale for dealing with suppliers rather than specific brands is based on the fact that:

- like positioning, the concept of branding appears to be underdeveloped in business markets (see for example Shipley and Howard, 1993; Mudambi *et al.*, 1997); and
 - there is a general belief that the concept of positioning is equally relevant to companies and their activities, e.g. channels of distribution, technology, as to products (Bingham and Raffield, 1995; Hayes *et al.*, 1996).
- (3) Examine the complexity of the adopted strategies, i.e. whether customers perceive that suppliers adopt single or multiple positioning strategies (Kotler, 2000).
- (4) Based on the belief that ultimately perceptions will be the result of customers' experience (Hayes *et al.*, 1996), determine the impact that customers' familiarity with a provider has on their perceptions of adopted positioning strategies. The latter is consistent with the general notion of the Relational Contracting Theory (Powell, 1990).

Methodology

The research took the form of a cross-sectional survey of companies operating at all levels of the UK Timber Trade. The choice of this particular sector is based on:

- its relative long-term stability (i.e. potential respondents were expected to be familiar with the main companies operating in this market); and
- market structure in terms of products/materials which are regarded as commodities (branding is very rare and promotions are based on company name), and market coverage (wide variation among suppliers in terms of geographic coverage and degree of integration).

Population and sampling

As already stated the research was carried out with the UK Timber Trade. Within this sector, two populations were identified:

- (1) Suppliers, i.e. providers of timber materials and products whose positioning strategies were to be investigated. In order to cover the various market levels, selection was based on:
- extensivity of operations (i.e. geographical coverage and range of materials and products offered); and
 - diversity of market activities performed (i.e. location along the distribution chain). After consultations with key expert informants (both academics and practitioners) nine companies (see Appendix) were identified as fulfilling the above criteria.
- (2) Customers whose views as to the positioning strategies of the suppliers were to be investigated.

Trade directory

An appropriate trade directory provided the sample frame and a systematic sampling procedure was followed. No restrictions were imposed on the selection of the potential respondents and consequently the study covered all levels of the trade. We believe that this approach is justified because of

Scale items encapsulate dimensions of positioning

Randomising the presentation

considerable intra-trade activities. Assuming a response rate of around 30 percent (Jobber and O'Riley, 1998) and in order to obtain an effective response base, a total of 500 companies were selected. Through the sampling frame itself and/or by direct contact, the managing or the marketing director(s) of each company was identified and the questionnaire was addressed personally to these executives (the choice of these executives rather than decision purchasing managers was made on the basis of their relative decision-making powers).

The research instrument and measurements

A self-completion questionnaire was designed which was divided into two sections:

- (1) Section A comprised a respondent qualification part (i.e. type of operation).
- (2) Section B involved:
 - measures of familiarity (i.e. extent of past dealings); and
 - evaluation of suppliers on a list of 45 descriptors.

In terms of the descriptors, these have been borrowed from initial work carried out by Charles Blankson who developed a set of 66 statements/scale items to encapsulate dimensions of positioning (see Appendix). These items were designed:

- to be generic in nature; and
- to reflect the bases on which consumers/customers differentiate between providers of goods and services.

The adopted approach for the development and validation of the items followed well-established scale development methodologies (see, among others, Churchill, 1979; DeVellis, 1991; Spector, 1992) and was pre-tested using a convenience sample of 215 practicing managers undertaking executive programmes. Following discussions with industry experts the number of items in this research was reduced to 45 (see Appendix). Measures were in the form of a rating scale of 1 to 7 with 1 anchoring the lower end and 7 the upper end of the scale. For the scale items the respondents were requested to evaluate each of the 45 statements in terms of

... how relevant you perceive that the descriptor reflects their [i.e. each company's] overall standing in the UK Timber Trade.

Order bias was minimised by randomising the presentation of both suppliers and descriptors and in order to avoid fatigue, each respondent was requested to provide answers to only three out of the nine suppliers (an equal number of replies could not be guaranteed despite the fact that a balanced design was devised).

Data collection method and response rate

Following piloting of the questionnaire, primary data were collected by means of a postal survey. In total, 156 usable replies were obtained which, after allowing for undeliverables etc., gave a 37 percent response rate. Non-response bias was investigated through comparison of early and late responses and small-scale telephone interviews of non-respondents (Armstrong and Overton, 1977) and we are satisfied as to the integrity of the obtained data. Subsequent examination of respondents revealed that 24 percent were importers, 16 percent merchants/distributors, 12 percent agents,

Conceptually coherent groups

32 percent manufacturers and 16 percent were classified as others thus providing a satisfactory spread of market activities.

Results

Construct reliability

Analysis of the reliability of the constructs is presented in Table I where it is indicated that the scales possess considerable internal consistency (see Appendix for a list of the scale items in each construct as determined by exploratory factor analysis). All scales are associated with reliability values above the recommended levels (see Hair *et al.*, 1998; Churchill, 1979; Nunnally, 1967) and consequently are viewed as providing reliable measures.

We posit that a strong association between a specific company and a construct provides an indication of the company's position against other providers. In other words, we consider that our measures reflect the market's/ customers' perceptions of positioning strategies pursued by the different companies as compared to managers' own beliefs of their adopted positioning strategies.

Overall positioning strategies

In order to further test the stability of the strategies, analysis was carried out designed to determine whether the proposed strategies could form conceptually coherent groups. Considering all companies collectively, significant differences were found to exist in terms of perceived use of positioning strategies (ANOVA Sign. $F = 0.000$). Subsequent analysis (using Tukey's multiple comparison test) revealed the groupings presented in Table II (in ascending order of mean values).

The results indicate that *leadership, safety, presence, range of offerings, product performance, personal contact, easy to do business* and *pricing* were perceived as being the main differentiating constructs (i.e. those comprising Group 4). Examination of the groups reveals that those with the smaller mean values, i.e. Groups 1 to 3, exhibited a considerable degree of

Constructs	Number of items	Weighted means*	Reliability**
Pricing	3	4.41	0.8783
Easy to do business	4	4.34	0.8114
Personal contact	5	4.28	0.9125
Product performance	3	4.25	0.8811
Range of offerings	3	4.25	0.8225
Presence	3	4.03	0.6605
Safety	3	4.00	0.7558
Leadership	2	3.84	0.8360
Distinct identity	2	3.36	0.7473
Status	5	3.34	0.8777
Country identity	3	3.05	0.6981
Differentiation	4	2.96	0.8932
Attractiveness	5	2.73	0.8634

Notes: * In subsequent analysis mean values are viewed as indicators of the degree of association between a company and a specific construct. Higher values are taken to reflect close association

** Figures represent either Cronbach's alpha coefficient (for scales with less than four items) or the GFI values obtained from confirmatory factor analysis (for scales with four or more items)

Table I. Construct reliability

Constructs	Mean values
<i>Group 1</i>	
Attractiveness	2.74
Differentiation	2.96
Country identity	3.05
Status	3.34
<i>Group 2</i>	
Differentiation	2.96
Country identity	3.05
Status	3.34
Distinct identity	3.56
<i>Group 3</i>	
Status	3.34
Distinct identity	3.56
Leadership	3.83
<i>Group 4</i>	
Leadership	3.83
Safety	4.00
Presence	4.03
Range of offerings	4.25
Product performance	4.25
Personal contact	4.28
Easy to do business	4.34
Pricing	4.40

Table II. Groupings of constructs

overlapping membership, e.g. *status* belongs to all three groups, while the opposite holds true for those in Group 4 (only *leadership* overlaps with Group 3).

Looking at the constructs in Group 4 (i.e. those with the highest mean values) the following four main themes which are consistent with literature have been identified:

- (1) Continuity of supply – represented by the *leadership*, *safety* and *presence* constructs.
- (2) Product – the *range of offerings* and *product performance* account for this theme.
- (3) Price – is denoted by the single *price* construct.
- (4) Relationships – this comprises *personal contact* and *easy to do business* constructs.

Positioning strategies and companies

Having established the stability of the constructs we now proceed to examine possible associations between specific positioning strategies and each of selected companies involved in the study. The results of ANOVA and subsequent multiple comparisons are presented in Table III and indicate that:

- With the possible exception of *easy to do business* no other strategy appears to have been associated with more than two companies.
- Three of the nine companies were not associated with a specific strategy (i.e. no significant difference in the mean values of the 13 strategies was identified).
- Three companies appear to be associated with a single (focused) strategy (e.g. KDM with *personal contact*). Two companies appear

Possible associations

	Harcross (0.000)	Jewson (0.030)	KDM (0.013)	Arnold Laver (0.398)	Meyer (0.000)	Travis Perkins (0.201)	Timbmet (0.078)	Howarth (0.030)	James Latham (0.025)
Strategies/companies				ns		ns	ns		
Pricing					✓			✓	
Easy to do business	✓	✓			✓				
Personal contact			✓		✓				
Product performance					✓				✓
Range of offerings		✓			✓				
Presence					✓				
Safety					✓				
Leadership	✓								
Distinct identity									
Status									
Country identity									
Differentiation									
Attractiveness									

Note: ✓ denotes the strategies belonging to the highest construct grouping

Table III. Perceived positioning strategies

to follow a dual strategy while Meyer is associated with multiple strategies.

- As expected from the overall results, *status*, *attractiveness*, *distinct identity*, *country identity* and *differentiation* were not associated with any of the companies.

Positioning strategies and level of familiarity

Given that positioning strategies are dynamic in nature, this part of the analysis attempted to determine whether or not the level of respondents' familiarity with each of the nine companies was an important determinant in their perceptions of the adopted strategies. The results of covariance analysis presented in Table IV indicate that, overall, familiarity plays an important part in perceptions of positioning strategies adopted (i.e. the results were significant for all but two of the nine companies).

Multiple comparisons

In an attempt to obtain a better insight into this issue the respondents were classified as either "familiar" (F) or "not familiar" (NF) with a specific company (a value of between 1 and 3 was classified as indicating lack of familiarity while a rating of between 5 and 7 was considered to indicate familiarity). Table IV presents the results of subsequent multiple comparisons from which we can conclude that:

- In only six cases agreement between those classified as F and NF was found to exist.
- As anticipated, constructs related to market presence, i.e. *presence* and *distinct identity* were dominated by respondents who were classified as NF.
- On the other hand those constructs that are conditional to the existence of business relations, i.e. *product performance* and *easy to do business* are dominated by those classified as F.

Conclusions and implications

New, generic typology

The research presented here has attempted to provide an insight into the issue of positioning within the general domain of business marketing. In this respect we have applied a new, generic typology of positioning strategies into a sector of the UK economy which is characterised by long-established traditions and deals predominantly with commodity materials and products. Our research has focused on positioning of suppliers, rather than product brands, as perceived by other market operators.

More specifically, our findings lead us to the following conclusions.

(1) There is clear evidence of the stability of the proposed positioning strategy typology. This has been indicated by:

- the satisfactory reliability measures (i.e. alpha coefficients) obtained for all proposed constructs; and
- the fact that the overall ordering of the constructs appears to be consistent with general theories of business marketing (i.e. supplier selection criteria and relationship building constructs were found to be dominant).

On the basis of the above we posit that the business and consumer marketing domains share a common structure of positioning strategies and consequently we conclude that a generic typology can be developed.

	Harcross (0.016)	Jewson (0.265)	KDM (0.876)	Arnold Laver (0.000)	Meyer (0.000)	Travis Perkins (0.006)	Timbmet (0.000)	Howarth (0.000)	James Latham (0.000)
Strategies/companies		ns	ns						
Pricing	F				F	NF	F/NF	F/NF	F
Easy to do business	F			F	F		F		NF
Personal contact	F/NF			F/NF	F				F
Product performance	F			F	F			F	F
Range of offerings	F			F		F/NF		F	
Presence				NF	NF		NF		NF
Safety				F	F				
Leadership	F				NF	F	F	F	NF
Distinct identity						F/NF	NF	NF	NF
Country identity									
Differentiation								NF	
Status									F
Attractiveness									

Notes: F – familiar; NF – not familiar (only the highest groupings are presented)
Values in parentheses indicate significance of covariance test

Table IV. Positioning strategies and familiarity of respondents

No dominant positioning strategy

(2) In terms of specific positioning strategies our findings indicate that the main differentiating strategies relate to hard-choice criteria, e.g. *product performance*, *pricing* etc. and/or relationship building factors, e.g. *easy to do business with*, *personal contact* etc. These findings are viewed as being consistent with current thinking and research, i.e. the identified themes reflect criteria involved/determining organisational buying behaviour (see Lehman and O'Shaughnessy, 1982; Hutt and Speh, 1998; Wilson and Woodside, 1995), product quality (Garvin, 1987), and relationship marketing (see, among others, Dwyer *et al.*, 1987; Grönroos, 1994; Wilson, 1995).

At the same time it is worth noting that no dominant positioning strategy was found to exist across the nine companies. *Easy to do business* was found to be associated with three companies while *personal contact*, *product performance*, *pricing* and *range of offerings* were associated with two companies each.

We believe that company structures, such as geographical coverage, position in the distribution chain, breadth of offerings, degree of integration and length of market presence explain such diffused findings. The following examples illustrate the point:

- The *easy to do business* strategy is associated with companies which have nationwide coverage and offer a wide range of materials and products (Harcross, Jewson and Meyer).
- The *personal contact* strategy is associated with companies operating at the upstream level of distribution (KDM and Meyer) and reflects the key functional activity of information which incorporated activities such as keeping in touch and developing personal relationships.
- The *product performance* strategy is associated with the two companies with the longest standing in this sector (Meyer and Latham) and is thus taken as an indication of a relationship between quality and market standing.

(3) Turning to the degree of complexity of perceived positioning strategies we can see that three of the nine companies in our study were not associated with a specific positioning strategy. This, we feel, offers considerable support to our view that positioning in business markets is more rare than in consumer markets. In addition to a lack of coherent strategy, we suggest that these findings are a function of the companies' operational coverage (i.e. limited geographical coverage – Arnold Laver, and/or product offerings – Timbmet). Furthermore, with the exception of Meyer, all other companies have been found to be associated with either a “focused” (i.e. single) or “double benefit” (i.e. dual) positioning strategy. The rather diffused strategic approach associated with Meyer, we believe, is a reflection of the rather wide range of activities that this company is currently involved in (i.e. in addition to operating under its own name, Meyer owns a wide range of companies that operate at different market levels).

(4) Finally, the results have provided strong evidence as to the importance that customer familiarity plays in terms of perceived positioning strategies. A clear differentiation between those familiar and those not-familiar with each of the nine companies was found to exist. Consistent with expectations, personal and exchange related constructs were found

Conceptualisation of positioning

to be dominant within the familiar category while constructs related to reputation and market presence dominated the not-familiar category.

These findings:

- appear to be consistent with Webster's (1991) debate on the effects of commercial and non-commercial communications, i.e. the latter more relevant before exchange/business relationship is affected; and
- offer support to the progressive nature of buyer-seller interactions in business markets and appear to support results reported by Doney and Cannon (1997).

Based on the fact that our results exhibit considerable internal consistency in terms of both their theoretical foundations and market structures we view our research as making important contributions both to the theoretical development of the subject matter and to marketing practice within the business domain.

Theoretical contributions

From a theoretical standpoint the findings reported here have provided considerable empirical support to the claim that the conceptualisation of positioning as a marketing activity is as relevant in the business as it is in the consumer domain. In addition we have offered a positioning typology which is structurally robust and which possesses considerable explanatory and predictive powers. The stability of the proposed typology is highlighted by the fact that it shares a number of common themes with existing conceptualisations, e.g. price and product quality with the dimensions proposed by Bennion and Redmond (1994) and Bingham and Raffield (1995). Furthermore, our findings provide evidence as to the close relationship between market exchanges and perceived positions within a business environment. Thus, we contend that, within business marketing, the establishment of clearly defined competitive position is the result of operational (e.g. geographic coverage) and experiential (e.g. use of product) factors rather than promotional efforts.

Central element

Managerial contributions

Managerially, it is clear that positioning must be a central element of business marketing and the results presented here are viewed as offering important guidelines for the management of positioning activities. First, they emphasise differences in the relative impact of positioning strategies along the familiarity dimension. More specifically, the findings indicate that positioning efforts should reflect/take account of the stage and extent of inter-organisational exchange. It is proposed that strategies which represent non-commercial aspects such as status and differentiation (e.g. *presence* and *distinct identity*) should be pursued during pre-exchange stages while commercial/tangible strategies (e.g. *pricing*, *product performance* and *easy to do business*) should dominate post-exchange stages. This implies that the conceptualisation and implementation of positioning strategies should follow the cognitive to repeat buying progression pathway.

Second, this study provides clear evidence to support the claim that a single positioning strategy did not dominate the market sector. Instead the results lead to the conclusion that strategic market considerations (e.g. *product performance*) rather the image building factors (e.g. *attractiveness*) are determinants of perceived positioning strategies. The following three broad determining factors have been identified:

- (1) Market position (e.g. geographical coverage, provision of a wide range of complementary offerings, and market share): it is suggested that companies exhibiting these characteristics should employ strategies which emphasise elements of convenience (e.g. *easy to do business*, *presence*, *range of offerings*) and market dominance (e.g. *leadership*). This could be achieved by stressing ease of procurement (e.g. one-stop purchasing environment), speed of obtaining replacement of defective items, familiarity with a single ordering-processing-invoicing system or control/influence over market developments.
- (2) Position on the distribution chain: the functional specialisation of a company should be reflected in the adopted positioning strategy. For example, personal elements (e.g. *personal contact*) have been found to dominate perceived positions of agents whose main activities in the sector under examination is provision of information and finance. The latter are best effected through the development of personal relationships and trust between channel intermediates.
- (3) Length of market presence: longevity in a competitive market characterised largely by commodity products has been found to be associated with high quality of offerings (e.g. *product performance*). Consequently, companies enjoying long market presence should emphasise the fact that this has been achieved through product quality which is superior to competitors and provision of products which fully meet market requirements.

Lack of congruence

The above interrelationship of structural and perceptual considerations leads to the conclusion that, unless strategic considerations are reconciled with operational activities, efforts to develop and implement positioning strategies will fail because of lack of congruence. In other words, when planning positioning activities, managers need to develop a set of activities that are congruent in both conceptual and operational terms, i.e. they must reconcile and synchronise a wide range of activities. We can, therefore, conclude that positioning activities must be carefully planned and reconciled with other environmental and business activities rather than be the responsibility of salespeople (although we must acknowledge that the latter play an important part).

Research limitations and future research

The findings presented here are confounded by the fact that we have not investigated whether or not the identified strategies were intentionally or accidentally pursued or even if they were ever perceived as distinctive strategies by the responsible marketing managers (or even if they ever employed any kind of strategic planning for their positioning). Furthermore, the scope of the investigation has been restricted to a single and rather confined market sector.

Differentiating positions

We conclude by stating that we hope that our paper will generate urgently needed interest and research into the subject matter. Although we believe that the results of our research have provided a clear indication of the relevance of positioning within the business domain they have also generated a number of questions that need further investigation. For example, we have made some inductively generated observations (e.g. link between functional and operational variables and perceived positioning strategies) which need to be formally tested. The relative importance of the various communication activities in the formulation of differentiating positions must be investigated and there is need for examining possible relationships between perceived

positions and actual buying behaviour. Finally, we believe that there is need to further pursue the issue of developing robust positioning typologies and models, thus we hope that the proposed typology will be subjected to further examination and cross-validation. Please see Table AI Table AII and Table AIII in the Appendix.

Executive summary and implications for managers and executives

Positioning – a matter of corporate strategy not sales tactics

Most marketers, I suspect, are somewhat confused by the concept of “positioning”. As with many ideas in marketing, the concept arose from the needs of one area of a marketing operation (advertising in this case) and has been “stretched” when marketers realised its applicability and convenience in strategy development.

Kalafatis, Tsogas and Blankson show why this evolutionary process of a concept creates confusion and misconception. At one level we have somewhat woolly definitions of positioning, while at another, operation level there is little or no guidance as to the types of positioning strategy open to a firm.

The problem lies with the fact that positioning strategies are aimed at the customer’s perceptions of the firm or the brand. In this respect we can draw a parallel with the concept of image, where the congruence between actual and desired image is the indicator of marketing success.

Positioning – a crucial strategic choice

Kalafatis *et al.* consider a series of possible positioning strategies defined by the customer’s attitude to the firm. What the authors show is that the choice of positioning strategy is not simply a question of marketing communications but encompasses the entire behaviour of the firm.

In business markets, given the intensity of contact and the significance of relationships, this separation from advertising and communications becomes clearer. For business-to-business marketers, advertising is usually a secondary element within the marketing mix. The sales and customer service aspects of the marketing mix are far more significant.

As a result of this difference, the strategic choice must reflect the firm’s ability to deliver to the expectations associated with a particular positioning. And the positioning needs to be clear and properly defined. While Kalafatis *et al.* do not provide an assessment of relative performance within their typology, we can see that customers recognise a clear positioning strategy when they see one – they will know, for example, the difference between a firm that focuses on price and a firm that concentrates on providing a comprehensive service.

The central message for the industrial supplier is that they must make the positioning choice and use that choice to design the marketing and distribution effort. If the process happens the opposite way round the result can be a confused message and a loss of focus.

Constraints resulting from positioning choice

One effect of a positioning decision is to constrain the firm. Making the decision to focus the firm’s position on low prices, for example, closes off

certain options. Every function within the business – and especially sales and marketing functions – must orient (in this case) towards the low-cost positioning.

Given these constraints, a firm must consider the strategic implications of the various positioning options available. The problem is that – because “positioning” was originally an advertising concept – few firms see beyond the sales and advertising message when considering the implications of a positioning decision.

Sticking with our example of cost leadership, we can see that the low-price approach must affect procurement policies and strategies, the extent and variety within the product range and the organisation of the sales or customer service function. In the end the customer’s experience has to conform to the positioning message. We can assume that familiarity with what the firm actually does may result in the customer repositioning the firm away from the intended positioning, communicated through the advertising and sales message.

An example helps to illustrate the effect of this contradiction. UK supermarket chain, Sainsbury’s, faced with loss of market leadership adopted a strategy founded on a strong price message. The problem was that the business had built its success on a message of quality and good value rather than on a price message. Moreover, Sainsbury were unable to deliver across-the-board price reductions and shoppers found little difference in the amount they spent each week. The firm’s positioning became confused because they could not deliver against the low-price positioning.

While positioning does develop and evolve, the initial choice of market position means those significant shifts in positioning are very difficult to achieve and are impossible in the short run. Any changes need to be believable and sustainable for a change in positioning to succeed.

So is there a best position in industrial marketing?

Kalafatis *et al.* demonstrate that positioning in industrial markets (at least in the case of timber) does lend itself to particular positioning choices. It is no surprise to find that “. . . strategic market considerations . . . rather than image building factors . . . are determinants of perceived positioning strategies”. Nor should we be surprised that the image-led positioning strategies that are prevalent in consumer goods marketing do not transfer well to the industrial marketing context.

What matters is that the customer (and prospective customer) sees the merits in your positioning and that you link other strategies to this positioning in order to deliver the “promise” implied by the positioning decision. If you claim to be a comprehensive supplier, you must be a comprehensive supplier to sustain customer support. And the same goes for other choices.

Positioning decisions are too important to be determined at a tactical level, yet this is the reality across much of industrial marketing. The sales-led culture of many industrial businesses leads them to overlook the implications of positioning for the whole business. As Kalafatis *et al.* put it: “We can conclude that positioning activities must be carefully planned and reconciled with other environmental and business activities rather than be the responsibility of sales people”.

(A précis of the article “Positioning strategies in business markets”. Supplied by Marketing Consultants for MCB University Press.)

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Company	Activities
Harcross	Nationwide coverage; operates at the downstream level of the distribution chain through a very large number of retail outlets; offers all types of timber and complementary materials and products
Jewson	Nationwide coverage and owned by Meyer; operates at the downstream level of the distribution chain through a very large number of retail outlets; offers all types of timber and complementary materials and products
KDM	Small company operating out of a single location; operates at the top of the distribution chain (agent) and has no selling outlets; offers all types of material and products and related services (e.g. finance)
Arnold Laver	Small company with local coverage; operates mainly at the upstream level of the distribution chain through wholesale and retail outlets; deals exclusively in timber and offers only a limited range
Meyer	A long-standing very large company with nationwide coverage; operates under a variety of names at all levels of the distribution chain through wholesale and retail outlets; at the upstream level deals with all types of timber materials and products while at the downstream level offers complementary materials and products
Travis Perkins	Nationwide coverage; operates at the downstream levels of the distribution chain through wholesale and retail outlets; deals exclusively in timber and offers all types materials and products
Timbmet	Small company operating out of a single location; operating at the upstream level of the distribution chain; specialists in a single type of material
Howarth	Large company with local coverage; operates mainly on the upstream level of the distribution chain through wholesale outlets; deals exclusively in timber and offers all types materials and products
James Latham	Traditional and long-standing company, nationwide coverage; operates under its own name at all levels of the distribution chain through wholesale and retail outlets; at the upstream level deals with all types of timber materials and products while at the downstream level offers complementary materials and products

Table A1. Companies

- Brooksbank, R. (1994), "The anatomy of marketing positioning strategy", *Marketing Intelligence & Planning*, Vol. 12 No. 4, pp. 10-14.
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Impressive service	Prestigious	Consider people as important
Affordable prices	Good quality products	Mass produced
Market leaders	Middle class	Rarity
Value for money	Stereotypes	Discriminatory
Well known	Choice of products offered	Middle range
Superior	Upper class	Well-known name
Personal recommendation	Suitable arrangements	Personal attention
Eye-catching ads	Extra features offered	Friendly
Better than others	Familiar procedures	Safe
Wide range of products	Dignity	Attractive
Consider people as important	Social group	Unassuming
Trendy	Good service provision	Trustworthy
Own brands	Represents national interests	Product reliability
Elegant	Warranties	Differentiation
Convenient to do business with	Comfortable	Top of the range
Status	Variety	Easy to use
Standardised	Environmentally friendly	Country of origin of management
High principles	Posh	Common
Reliability	Cool	Durability
Patriotism	Reasonable prices	Sophisticated
Non-selective	Satisfaction from usage of products	Stable/long-standing provider
Trustworthy ads	Adjust to own needs	Cheap

Table AII. Scale items

Constructs	Items
Pricing	Reasonable prices; affordable prices; value for money
Easy to do business	Convenient to do business with; familiar procedures; suitable arrangements; comfortable
Personal contact	Personal attention; consider people as important; impressive service; good service provision; friendly
Product performance	Satisfaction from usage of products; product reliability; good quality products
Range of offerings	Choice of products offered; extra features offered; wide range of products
Presence	Better than others; superior; well known
Safety	Stable/long-standing provider; safe; warranties
Leadership	Market leaders; well-known name
Distinct identity	Differentiation; own brands
Status	Upper class; posh; status; top of the range; prestigious
Country identity	Country of origin of management; patriotism; represents national interests
Differentiation	Common; discriminatory; middle range; non selective
Attractiveness	Attractive; cool; elegant; sophisticated; eye-catching ads

Table AIII. Construct items

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Appendix

Table AI provides the list of companies included in the study.

Scale items

Following recommendations by Spector (1992), and Churchill (1999), nine focus group sessions were employed in the initial generation of statements/scale items. In order to ensure the generalisability of the ultimate typology, consumer products, consumer services and industrial products formed the subject of discussion in three focus groups each (see, for example, Aaker and Shansby, 1982; Hooley *et al.*, 1998). Analysis of the group sessions resulted in 140 statements. With the help of experts this initial list of statements was examined in order to identify and delete duplicate/overlapping statements. The resulting 66 statements are listed in Table AII.

Construct items

A convenience sample of 215 practicing managers undertaking executive programmes was employed for scale development and purification. The respondents were requested to express their perceptions to a variety of consumer products, services and industrial products which were different from those which formed the debate in the focus groups. Following the process suggested in Hair *et al.* (1998) exploratory factor analysis (principal components using oblique rotation) was employed and the results presented below (45 of the initial 66 statements were retained) indicated considerable analytical stability (Bartlett test of Sphericity, $p < 0.00000$; Kaiser-Meyer-Olkin, value of 0.821) and conceptual relevance. In addition there was no evidence of inter-factor dependence (i.e. with the exception of two marginal cases all inter-factor correlations are above a value of 0.3) and consequently concluded that the identified factors are orthogonal/independent (see Table AIII).

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present

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So is there a best position in industrial marketing?

Kalafatis et al. demonstrate that positioning in industrial markets (at least in the case of timber) does lend itself to particular positioning choices. It is no surprise to find that "... strategic market considerations ... rather than image building factors ... are determinants of perceived positioning strategies". Nor should we be surprised that the image-led positioning strategies that are prevalent in consumer goods marketing do not transfer well to the industrial marketing context.

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