

Positioning: How to talk so the market will listen.

Introduction

Everyone loves a good story. In fact, we love stories so much that we allow them to mold every aspect of our lives, including our perceptions of the world, the values we cherish, our desires for the present and hopes for the future. As young children, we longed for our parents to tell us *just one more story, please!* As adults, the profound stories told in classics like *The Iliad* and *Hamlet* have shaped our life path.

Commercial stories and messages play their own unique role in shaping our beliefs. In the year 2000, each American encountered between 1,500 and 5,000 commercial messages every day of the year. Of the million or more messages you encountered in the last year, how many can you remember? How many were meaningful enough to shape your hopes and desires, to change your behavior?

Changing market behavior requires changing awareness. And nothing changes consumer awareness like a story that contains important user benefits. We call these stories *product positioning statements* or *message strategies*.

Message Strategies and Product Positioning

Message strategies reside at the core of every marketing program because compelling message have the unique ability to move prospects through the process of awareness, consideration, trial and purchase. Of course, marketing programs have multiple audiences-prospects, customers, partners, analysts, media and company employees – and each audience will respond in measurable ways to powerful, appropriate messages. For this reason, a complete message strategy will include the following:

- **Vision Statement.** A vision statement creates belief. It tells company employees why they go to work every day. It also gives investors and partners a reason to commit resources to the company's future.

- **Mission Statement.** A mission statement creates action. It describes what company employees can expect to accomplish from their efforts. Objective standards can measure this accomplishment.
- **Positioning Statements.** Positioning statements create revenue. They describe the benefits of the company's accomplishments, as represented by products and services to its target audiences. A positioning strategy consists of a positioning statement and three supporting points.

A position is a mental space that can be occupied with an idea that has compelling meaning for the recipient. The power of this idea, as captured in the concrete language of a positioning statement, resides in its abstraction, a conceptual quality that enables advertising copywriters, public relations specialists, and other communicators to capture the idea in specific, compelling language.

This document describes how to create powerful positioning statements for technology products and services.

A Note on Process

The formal process outlined in this paper results in the creation of several potential positioning statements. While an individual can sometimes develop interesting positioning strategies, brainstorming groups have demonstrated a remarkable ability to generate fresh, innovative message ideas. Group members can include your own marketing team as well as creative people who may have only a general understanding of the market situation.

Brainstorming provides a way to look beyond our preconceptions. However, this process alone rarely stimulates the inspiration needed to develop truly powerful messages. Inspiration arises from the deeply held belief in the value of a product or service. When we bring this inspiration into a group (along with good food and drink), we create a spirit of playfulness and fun that stimulates fresh thinking. This excitement will infect the final message strategy and transfer to the ultimate audience.

The Three Key Assumptions

Marketing can be viewed as a special kind of behavioral science. To succeed in this science we must thoroughly understand the attitudes and behaviors of our customers. The following three assumptions provide a basis for developing this understanding.

The smartest people in the world are in this room.

We should never condescend. However, as marketers we frequently believe that prospects think as we do and already understand our technology. Since prospects rarely share our thought processes or understanding, we must make it extraordinary simple for them to become acquainted with our offering.

The only people who care about our product are sitting in this room.

As marketers, we sometimes believe that the market has waited years for a product *just like ours*. Unfortunately, this is rarely the case – if it were true, all of us could retire. Therefore, we must identify our product’s important benefit and describe it to the market. Then, maybe, the market will care.

Everyone outside of this room is remarkably cynical.

It’s hard to believe, but the technology buyers have learned to doubt nearly every claim made by technology marketers. Effective positioning allows us to cut through cynicism by making our case in believable, compelling language.

The Three Cs

It goes without saying that product marketers must thoroughly understand their product’s Customers, Competition and Channel – the Three Cs. Effective positioning depends upon this. The following overview summarizes the importance of the Three Cs in the development of message strategies.

Customers

We define prospects and customers in terms of *market* and their *audiences*. Companies with similar characteristics create a market; audiences are individuals within companies who participate in the purchase process. Markets and audiences have both demographic (structural) and psychographic (behavioral) characteristics.

A matrix like the one outlined in Figure 1 provides a way to include both demographic and psychographic information in a customer profile. In positioning, psychographic data provides critical insight into what it will take to build awareness and demand; without this knowledge, we will struggle to develop effective messages.

Competition

Most product marketers develop and maintain detailed analyses of the key competition, including current information about competitive marketing programs, message strategies, media plans, and distribution strategies.

	Demographics	Psychographics
Markets	Industry codes Industry organization Distribution channels Company size Revenue	Market Trends Customer pressures Technology trends Industry issues
Audiences	Job titles Job functions Job responsibilities Management structure	Primary concerns Decision factors Purchase processes

Figure 1: Market and Audience Profile

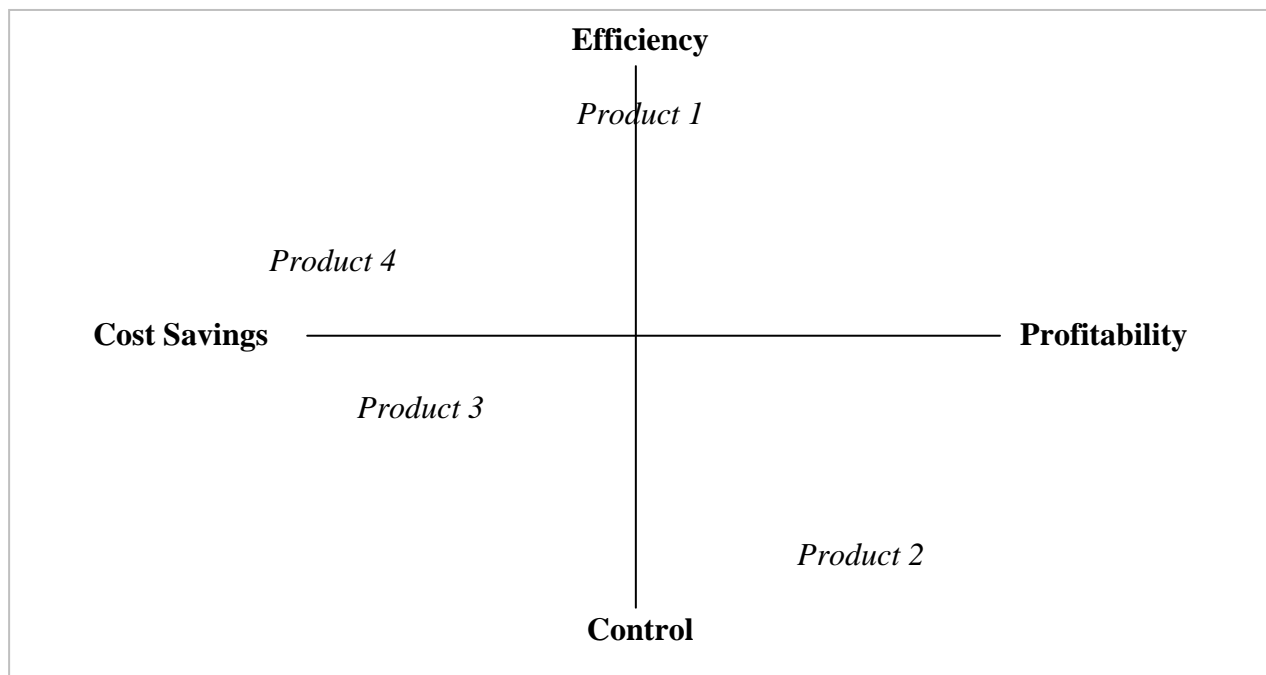


Figure 2: Perceptual Map of Competitors

Your knowledge of competitive message strategies can be displayed using a technique known as perceptual mapping. Figure 2 provides an example map based on commonly used product positioning ideas.

In this example, we notice that no competitor has claimed the “profitability” position. Since many prospects care about profitability, an opportunity might exist to position a product in this space.

You can often discover a competitor’s message strategy by analyzing print advertisements. Good print advertising requires good positioning and a competitor’s positioning statement frequently appears in the first paragraph of an advertisement.

Channel

Every product and service has a distribution channel that can provide valuable information for message development, including details of purchase processes and cycles, demographics, sales strategies, and customer concerns. In addition, the channel can provide feedback on the viability of your messages. Ongoing communication with your channel will improve your positioning strategy.

The Three Questions

The Three Key Assumptions and the Three Cs described above establish a basis for initiating message development. The development process begins by analyzing how prospects might respond to your product. The answers to three fundamental questions provide this analysis.

What problem does our product or service solve?

To answer this question, you must thoroughly understand the primary concern that keeps prospects awake at 2 a.m. Notice that this question asks about the problem, not *problems*. Although it may be tempting to think of your product as a Swiss Army Knife, technology buyers rarely want a multi-dimensional solution.

How do prospects solve that problem today?

If your product solves a *bona fide* problem, then customers already have a solution. You need to know how they currently solve the problem. Of course sometimes companies, particularly consumer goods firms, create a problem where none has existed and then offer their products as a solution. Unfortunately, this option requires a scope of investment that few vendors can afford.

Why is our product a better solution to that problem?

If your budget doesn't permit problem creation, you'll need to position your product as a better solution to an existing problem. Remember that cutting edge technology often fails to provide a better solution for more than a small fraction of a target market. In fact, it may take years for a technology to mature to the point where it provides a solution to a large percentage of the potential market. Answering this question requires honesty.

By answering these fundamental questions, you will develop a conceptual model that can forecast prospect response to potential positioning strategies.

The Three "Whats"

Using our knowledge of the prospect's key problem and our product's ability to respond to that problem, we can categorize the product. Product categorization enables potential buyers to quickly understand how they might benefit from a new technology. Without effective categorization, product awareness may not translate into consideration and purchase. The following "what" questions can help you develop an effective categorization strategy.

What is it?

Prospect need to recognize the technology category into which your product falls. Ideally, you can place the product into an existing category or one that represents a natural evolution. If you attempt to define a new category, you run the risk of getting ahead of the market.

- Word processing software
- Relational database management
- Enterprise resource planning
- Customer relationship management

What does it do?

A short description of your product's functionality can help prospects imagine how they might deploy it. For example, a vendor of word processing software might claim that its product *creates great looking documents in minutes*. Although such a statement might seem to express a benefit of word processing software, it actually describes an advantage of this software over other ways of producing documents.

What does it deliver?

By describing the one important benefit that prospects will obtain from your product or service, you describe why they should care enough to consider purchasing it. For example, in the case of word processing software, the benefit of great looking documents is *better communication*.

A good answer to "what does it deliver?" brings you very close to positioning statement. By going through the categorization process several times (using alternative problem statements generated from the Three Questions), you can create multiple benefit statements, each of which may have the potential to serve as a positioning statement.

As you can see from Figure 3, the Three "Whats" align closely with conventional ways of describing product functionality in terms of features, advantages and benefits.

Technology marketers frequently make a critical error by confusing *what a product does* with *what a product delivers*. Naturally, prospects need to know the advantages of your product or service. But they won't purchase until they can understand how they'll benefit from it. Why allow prospects to figure it out for themselves? Make it short, simple and sweet - tell them.

	Functionality	Product
What is it?	➤ Feature	➤ Category
What does it do?	➤ Advantage	➤ Description
What does it deliver	➤ Benefit	➤ Position

Figure 3: Feature, Advantage and Benefit

The Four Criteria

After your brainstorming group has worked through the process described above, you will have developed several potential positioning statements. At this stage, four criteria can help you assess the viability of the various statements. For each statement, ask if it is:

- Important
- Believable
- Unique
- Usable

This assessment will help you identify the message that will best stimulate market awareness and demand. Let's consider these criteria in more detail.

Important

A positioning statement must respond to a prospect's primary problem. By doing so, the statement will create confidence in your product's ability to offer a desirable solution and it will create a sense of urgency in the prospect's mind.

You can test the importance of a potential positioning statement by asking a simple question "So what?". If the answer produces a higher level benefit statement, then you haven't yet found the most important benefit.

If you continue asking "so what?" you will ultimately arrive at one of three benefits. For business-to-business products, these are *volume*, *share* and *profit*. Similarly, consumer products ultimately claim to make the consumer *wealthier*, *healthier* or *sexier*.

However, we sometimes avoid claiming that a product will make a company more profitable or a consumer sexier because these types of statements may lack credibility. Depending on marketing conditions, the most believable and important benefit often will be found one step down from these ultimate assertions.

Believable

Effective positioning statements recognize prospects inherent skepticism by avoiding exaggerated or meaningless claims. Effective communications "ring true" by referencing existing market conditions, they leverage your company's brand identity and they signal that you understand the prospect's concerns.

Unique

Positioning always occurs in a competitive environment. Therefore, a positioning statement must state a benefit that no other product could reasonably claim – either because your product was first to market or because technology gives your product a substantial advantage.

When you make a unique claim, two things happen. First, you raise a significant barrier to competition. Second, you increase the desirability of your product. These two outcomes can significantly impact sales volume, market share, and profitability.

Usable

A positioning statement provides a foundation for changing market behavior through communications (e.g., advertising, public relations, direct marketing). While it sometimes happens that a positioning statement itself may serve as copy in these communications, it need only function as a basis for copy development. To accomplish this, the positioning statement must be short (twelve words or less not counting the product name) and contain no commas, conjunctions or subordinate clauses. It also must work across various communications media.

Successful evaluation against these four criteria depends, once again, on your rich understanding of the customer, the competition and the channel. A statement that satisfies these criteria has a good opportunity to occupy a space in the prospect's mind.

Supporting Claims

Once you've developed a positioning statement, you'll need to bolster it with three supporting claims. These benefits statements – which must satisfy the same criteria as the positioning statement itself – reinforce the importance, uniqueness and believability of the positioning statement.

Supporting points also provide a structure for product demonstrations. While the positioning statement articulates a high-level, abstract benefit, the claims made in supporting statements should be readily demonstrable; that is, in just a few steps, you should be able to show how the product delivers concrete benefits.

Once you have developed benefited-oriented supporting statements, you can drill down into as much product detail as needed to provide a platform for product communications. Use of outline format will make it easy for writers and other communicators to take full advantage of your work.

The positioning statement, along with the supporting points and related detail, completes your positioning strategy.

Validation

By following the process described above, you can feel reasonably confident that you've produced an effective message strategy. Both informal and formal testing of the message can provide the final assurance needed to commit resources.

Informal Testing

Low-cost options for validating the message strategy include:

- Reviews with senior management
- Reviews within your sales organization and/or reseller channel
- Reviews with key customer accounts

Formal Testing

If your budget permits, a research firm can test alternative message strategies with decision makers from the target market. Research firms typically use focus groups for this assessment, although other qualitative techniques may also be employed. In

addition to validating your message strategy, focus groups can provide useful information about emerging concerns and trends within your target markets.

Managing your Message

Without careful management, the best message strategy in the world will fail. Successful management requires consistency and repetition. Successful management requires consistency and repetition. Successful management requires consistency and repetition.

Consistency means accurate delivery of your message in all media, in all channels around the world. The synchronistic advantages of consistency will improve the effectiveness of your overall marketing program in the short term and create a leadership position for your product in the long term.

Repetition means saying the same thing over and over and over and over. Keep in mind the first two assumptions - your prospects aren't very bright and they really don't care. Marketing is like teaching a puppy to sit – over and over you have to repeat. “Sit. Sit. Sit.” Eventually, the puppy will get the message.

The Power of Positioning

When you create and successfully manage a powerful message strategy, your product and company will gain several benefits. Some will appear quickly, others will emerge over time as your product or service gains market share. These Benefits include:

- Increased sales volume, market share, and profitability
- Stronger brand preference for your company's products
- Higher competitive barriers
- Inspired company employees
- Committed, lifetime customers

And, most importantly, a powerful message strategy will create greater shareholder reward.