



5

International Positioning

LEARNING OBJECTIVES

After reading and studying this chapter, you should be able to answer the following questions:

1. What two primary elements shape a product's positioning in the global marketplace?
2. What are the main approaches to international product positioning?
3. How can a product's position become an asset in an international marketing effort?
4. What additional challenges affect international product positioning programs?
5. What steps and tactics are used to establish positioning, evaluate positioning, and conduct repositioning in international markets?

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The Wide World of Tea

What does the word “tea” mean to you? For most citizens of the United States, the answer would likely be along the lines of a “refreshing summertime drink.” Companies including Lipton and Nestea sell a relatively limited line of teas made either to be brewed from bags or to be prepared from a powdered, instant form with variations such as caffeine free and lemon and raspberry flavors. Even so, tea consumption varies domestically. Iced tea remains popular in some areas, hot tea in others. Also, someone from New Jersey or another northern state visiting Georgia might be surprised to discover that iced tea is typically presweetened with sugar in the Deep South.

In the global marketplace, tea has more uses and meanings. In Asia, specific gestures and methods are used in the brewing, serving, and selling of tea in restaurants and other locations. The tapping of a cupped hand, fingers down, signifies a thank you for being served more tea without a word being spoken. Tea may be served during courtship rituals and as part of engagement and marriage ceremonies. Drinking tea with family and friends remains a longstanding form of socialization.

Teas are brewed for medicinal purposes throughout the world. Green tea and oolong tea have been suggested to help numerous health concerns. Both contain antioxidants. Green tea’s antioxidants, catechins, scavenge for the free radicals known to damage DNA and contribute to cancer, blood clots, and atherosclerosis. Green tea features minimal processing; its leaves are withered and steamed and not fermented (as oolong teas is), which makes green tea’s catechins, especially epigallocatechin-3-gallate (EGCG), more concentrated.¹ Some dieticians suggest green tea can also help with weight loss.

Tata Tea is made by a company in India that suggests its products can help lower rates of heart disease and strokes and may lower the risk of oral, pancreatic, and prostate cancer. Another common form of tea includes ginseng, which is believed to boost health by helping with digestion.

While many associate tea with Asian countries, others may remember Earl Grey tea, which is named after British diplomat Earl Charles Grey, as the favorite brew of Captain Jean-Luc Picard from the star ship *Enterprise* (*Star Trek*). Earl Grey is a form of black tea combined with ingredients from Vietnam and China. The tradition of afternoon tea is common in England and throughout former British colonies. In Europe, tea may be served plain, with sugar, or with milk or cream.

Tea consumption is also common in the Middle East and Africa. Together, those two regions consumed 13.8% of all tea worldwide in 2009.² In North Africa, particularly Morocco, heavily sugared green tea with mint leaves is popular. Ingrained in the culture, the male head of the household typically serves the tea to welcome guests.³

Tea is made from actual tea leaves and from other plants. “Tea snobs” will argue that brews made from flowers and other plants, such as chamomile (a flowering plant from the daisy family) and lavender tea (made from the lavender plant), are not the real thing. Proponents of both teas say that the health properties are similar to those of regular teas.

Tea has also become part of the culture of social responsibility. The Honest Tea Company delivers a variety of tea products while seeking to support local farmers and business people (www.honesttea.com). The company’s statement of corporate social responsibility states, “Honest Tea seeks to create honest relationships with our employees, suppliers, customers and with the communities in which we do business.” The company actively participates in a “Fair Trade” program with its suppliers. Honest Tea also promotes lower sugar content in its products and the corresponding health benefits as part of its marketing efforts.

Tea movement reflects the degree of development of infrastructure. Many early tea routes by sea helped establish trading relationships among countries. As cultures continue to intermingle, a potential outcome may be an increasing variety of teas in various countries, even those in which the drink has been less popular. Any company’s marketing team that seeks to sell tea in other countries will start by carefully considering the positioning strategy to take. The product’s characteristics will be compared to local and global competitors. The product must be differentiated in ways that drive consumers to purchase it, in order to get them to change their brewing and tasting habits.

QUESTIONS FOR STUDENTS

1. How would the time of day influence the consumption of tea?
2. Should a company selling tea emphasize price, taste, or some other feature when establishing international product positioning?
3. Which countries would have a natural advantage or disadvantage when selling tea to consumers in other nations?



Tea is consumed daily worldwide.

Overview

The company name “Toyota” may be related to several different perceptions. Some consumers might think of the company and brand as being a high-quality option in the automobile market, backed by a strong warranty program. Others may express fears based on safety problems and recalls of the automobiles in the United States. Others still have not formed much of an opinion. Product positioning, the focus of this chapter, summarizes these attitudes and beliefs. A product’s, company’s, or brand’s position consists of the general perceptions the public has about it relative to the competition.

If marketing is rooted in satisfying consumer needs with goods or services, positioning is how the marketing team instills the assumption in consumers that they will indeed be satisfied. Perceptions form the foundation of positioning. Through the marketing mix and strategic decision-making, marketers work to create a consistent brand position in the minds of consumers.

This chapter begins with a discussion of the basic approaches to positioning in the international marketplace and some of the considerations involved in the process. International positioning, including consumer feelings and activities about global businesses plus the influence of the country of origin, which are components of this procedure, are described next. Culture, language, economic systems, political and legal systems, and infrastructure (see Figure 5.1) all affect approaches to reaching international markets through various positioning efforts. These external global issues are applied throughout the discussion of international positioning.

After laying this foundation, the actual process of positioning will be examined. This includes examples of domestic and international positioning maps, along with the incorporation of global competitors. The chapter concludes with a discussion of the ethical issues surrounding international positioning.

LEARNING OBJECTIVE #1:

What two primary elements shape a product’s positioning in the global marketplace?



Figure 5.1: The International Marketing Context

**LEARNING
OBJECTIVE #2:**

What are the main approaches to international product positioning?

The Nature of International Product Positioning

Chapter 4 introduced the STP (segmentation, targeting, and positioning) process. Market segmentation includes identifying distinct consumer groups. Targeting is selecting the groups with which the company intends to engage. Positioning represents the final part of the program. Product positioning involves creating a perception in the consumer's mind regarding the nature of a company and its products relative to competitors. Positioning plays a vital role in international marketing by helping a brand stand out among domestic and international competitors.⁴

The positioning process creates a unique place for the product in comparison to competitors. **Product position** summarizes consumer opinions regarding the specific features of the product. Product position represents what currently exists. **Product positioning** states the goal that marketers have in mind. Marketing activities can be designed to shape a product's position over time. The airline Virgin Blue in Australia was perceived by consumers as focused on meeting the needs of leisure fliers, which constituted the brand's position. Virgin Blue's marketers used the product positioning process to include meeting the needs of business travelers. To create this position, the company introduced a new business cabin class, and increased its flights on key routes for business travelers. The marketing goal was to shift the company's position through positioning activities.⁵

Numerous variables influence positioning, including the features of the product, the price, methods of distribution, packaging, the support services provided, and interactions with members of the company. Two key elements of product position are the way customers view the product and the product's standing relative to competitors.

Positioning Statements and Approaches

A one- or two-sentence summary of a company's positioning strategy is its **positioning statement**, which serves as the basis of the positioning process. The positioning statement focuses on the key benefits the product provides to consumers. "Nike will provide authentic, innovative products that improve athletic performance" serves as an example.

Effective positioning can be achieved in at least seven ways (see Figure 5.2). In international marketing, emphasizing one of these approaches consistently across markets whenever possible remains the most advisable approach. This allows for reduction in production and marketing costs, reduced consumer confusion when visiting other markets, and can lead to increased marketing expertise in building the product's position.

Product Attribute
Competitors
Use or Application
Price-Quality Relationship
Product User
Product Class
Cultural Symbol

Figure 5.2: Product Positioning Approaches

PRODUCT ATTRIBUTES

A trait or characteristic that distinguishes one product from others is a product attribute. It can be used to position a product, such as a "reduced fat" food item or a "no ironing needed" feature for a piece of clothing. Marketing efforts emphasize the attribute as the key selling point.

Japan's Sony Corporation was able to expand into foreign markets by creating a series of quality product attributes. The

company has consistently focused on picture quality as the key product attribute driving successful international positioning. In 1968, Sony introduced the Trinitron. The television used what was, for that time, revolutionary “color aperture grille cathode ray tubes” that led to a clearer picture than other technologies. Following this international positioning based on the attribute of picture quality, Sony offered the Bravia flat screen television in 2005, again positioning the product as the television with the best picture. In this case, the sets had “color like no other.”⁶

COMPETITORS

Competitors can be used to establish position by contrasting the company’s product against others. Legal and/or cultural pressures may limit direct comparisons with a competitor, such as through comparison advertising; however, competitor positioning may still be emphasized in other ways.

Companies in multiple countries often face a complex and differing combination of competitors in each market. Competition arises from other international brands or locally produced brands. The country in which the product was manufactured may also enter into consumer evaluations. When products ranging from drywall to children’s toys made in China reached U.S. markets with major defects, many Chinese brands suffered in various global markets, and some were sued by injured consumers.⁷

The soda market in Turkey provides an example of how local competitors can affect positioning. The local soda, Cola Turka, has used the American actor Chevy Chase to position the product as strongly “Turkish.” In one spot, Chevy Chase sips the soda and then starts to sing a local song in Turkish. The commercial ends with the actor growing a bushy mustache.⁸

USE OR APPLICATION

Use or application positioning involves creating a memorable set of uses for a product. Bleach may be used as a cleaning product for clothes in one country, as a “germ-killer” in another, and as a way to extend the life of cut flowers in yet another. Use or application positioning requires the identification of the target markets that purchase the product and then notes how those products are used in other countries.

PRICE-QUALITY RELATIONSHIP

A price-quality relationship approach may be used for positioning purposes when businesses offer products at the extremes of the price range. At the high end, the emphasis becomes quality. In the low range, price will be emphasized. Price-quality perceptions may also be affected by the nation in which an item is produced. Many technological innovations that are exported from Japan enjoy favorable views about quality due to the country of origin. German-made automobiles often possess the same price-quality status.

New Year celebrations throughout the world often include the consumption of champagne. Many consumers only purchase a bottle once each year. For this product, the price-quality relationship may drive purchase due to the signal of quality. In 2010, a food critic survey of champagne in Birmingham, a city in England, revealed that the price of champagne at local groceries ranged from £14.99 to £27.99 a bottle. Even though the critic argued that the most expensive champagne did not merit such a high price,



Scooters may be marketed with product user segmentation strategy.

consumers shopping for the beverage would assume that the high price positioned the most expensive champagne as high quality.⁹

PRODUCT USER

The product user positioning method distinguishes a brand or product by clearly specifying who might use it. In transition economies, companies that differentiate by targeting younger consumers as part of a “global” market segment may position products as being more universal or worldly. Services such as hotels, credit cards, and airline travel can be positioned as favoring business travelers or vacationers. Whereas some product users may drink tea for its potential health benefits, more infrequent users may only consume tea for ceremonial reasons.

In the past, marketers of the automobile brand Buick discovered that the cars were typically sold to U.S. consumers who averaged sixty years of age; however, the same brand, when sold to buyers outside the United States, reached a market with an average age of thirty-seven. Consequently, the company started an aggressive promotional campaign targeting younger, Generation X consumers in the United States. The goal was to shift to a newer, younger product user profile.¹⁰

PRODUCT CLASS

Product class indicates a general category of items within which the good fits. For example, “undergarments for men” include t-shirts and underwear. Other product class groups include “soft drinks” and “energy drinks.” Perceptions of product class vary by the culture and the economic circumstances of a country or region. Silk pajamas are targeted to a different set consumers than those made of cotton.

Tofu offers an example of product class differences. In many parts of East Asia, tofu is a staple food, similar to bread or milk in Western countries. Millions consume it on a daily or weekly basis. In Western countries, tofu does not hold the same status. Instead, it is perceived by many as a foreign product to be only occasionally consumed. Hodo, a Californian company with Asian roots, attempted to move the product class position of tofu to that of a luxury good. The company produces high-end, organic tofu that looks far different from “the white lump” that most see in grocery stores.¹¹

CULTURAL SYMBOL

Cultural symbol positioning involves an item or brand achieving unique status within a culture or region. Cultural symbols reflect a characteristic of a nation or region and may evolve from popular culture, religion, or other factors that make an area distinct. Any product endorsed by the sports stars Yao Ming in China or Pelé in Brazil would have the potential to be positioned as a cultural symbol.

Consumers often buy a product when it is viewed as a cultural symbol. The spice curry is a cultural symbol to many consumers in India, even though the history of the spice involves several countries. Curry is a combination of spices, usually including turmeric, coriander, and cumin, among others; it was at least partially created by the British. Consumers around the world purchase curry when the goal is to cook “Indian-flavored” dishes.¹²

International Positioning Objectives

International positioning, at its core, involves changing or creating attitudes. Establishing differentiation constitutes one goal of positioning. **Differentiation** results from emphasizing a unique benefit or component of a product that separates it from competitors. Differentiation can be associated with the actual product, or it may be part of an organization’s image. Differentiation may develop from perceptions of the product or in terms of support services. Marketers for Casas Bahia, a retailer in Brazil, differentiated the company from competitors by being the first to allow consumers to purchase products on credit.¹³

Differentiation is not the same as the STP process. Segmenting, targeting, and positioning programs seek to identify target market segments containing a homogenous group of members. Each segment is unique and unlike other segments. The product will be positioned within that target market in terms of various benefits or attributes. In some cases, competitors may share some of these benefits or attributes, such as sugar-free or diet soda.

In contrast, differentiation notes the *specific* benefit or attribute that makes the product unique when compared to competitors. This differentiation typically applies across various target markets. When performed correctly, marketers establish a point of difference and value proposition that applies to all markets segments, including global target markets.

The search engine Google has achieved differentiation across global markets, even as Bing, Baidu, and other competitors seek to create forms to set themselves apart. Google focuses on the company’s position as the top search engine globally. The company’s reputation for providing fast searches, for maintaining the innovative edge, and for having vast resources at its disposal creates differentiation. Many market leaders become synonymous with a product category. Google has achieved this status in online searches: the brand name has become a verb, as in, “I Googled it.”

LEARNING OBJECTIVE #3:

How can a product’s position become an asset in an international marketing effort?



The Hershey's Kiss is used to represent the brand.

A second goal of positioning programs is to engender brand equity, or the unique benefits that a product enjoys due solely to its brand name.

BRAND EQUITY

A second goal of positioning programs is to engender **brand equity**, or the unique benefits that a product enjoys due solely to its brand name. Consistent positioning leads to global brand equity. The benefits of brand equity include the ability to charge a higher price and the presence of increased consumer loyalty; in addition, the company's stock price often will be higher than brands without similar levels of equity. These positive outcomes result from the ways consumers view the brand, seeing it as providing a unique benefit. The sources of differentiation or *points of difference* are the strong, favorable, and unique associations consumers have with the brand.

Figure 5.3 highlights some of the strongest global brands. Each has achieved a level of differentiation based on a point of difference. The iconic Marlboro Man represents a cultural symbol that created a unique position for the company, especially with male smokers. The image was initially used to position Marlboro's new filtered cigarettes as being masculine. The popularity of the image was used to expand globally, because the Marlboro Man also emphasized the American origins of the cigarette.¹⁴

Mercedes Benz holds a strong position and brand due to perceptions of superior engineering, safety, and customer satisfaction. This point of difference has been established around the world. A recent survey revealed it to be Germany's strongest automotive brand. Sony's position begins with perceptions that the company produces superior products across a series of items due to Japan's perceived technological expertise.¹⁵

BRAND PARITY

Brands without points of difference or unique benefits are inclined to experience perceptions of brand parity. **Brand parity** exists when brands within one product

category are viewed as similar or undifferentiated. When all products are deemed to be basically the same, companies are forced to compete with price or other marketing enticements that reduce revenues per sale, such as coupons, premiums, contests, or bonus packs.

Consider the differences between consumer perceptions of airline travel and of automobile brands. Most airlines suffer from brand parity, because most consumers believe there is little to no difference between companies. The brands are not differentiated, which means other marketing approaches will be needed. Airlines often compete based on price. In contrast, some automobile brands are the strongest in the world because they are highly differentiated. Consumer perceptions of differences in the brands Ferrari, Ford, Bentley, and Hyundai are relatively easy to identify.

International Product Positioning Challenges

Attempting to undertake product positioning has one thing in common with many other international marketing efforts: the process is largely the same as in domestic markets. Additional differences arise in response to other factors. The influence of changes in technology, country-of-origin issues, regulations, plus packaging and labeling complications all affect international product positioning programs. These elements reflect the cultural, language, political and regulatory, economic, and infrastructure influences in the international marketing environment that were displayed in Figure 5.1.

CHANGES IN TECHNOLOGY

International positioning has been strongly influenced by the development of new technologies, some of which improve a nation's infrastructure. One of the primary changes has been that marketing messages transmitted in one country will be seen in others. Television and radio signals in Italy are likely to reach Switzerland, Austria, and France. Consequently, *consistency* has become a key element in successful international product and brand positioning. Positioning statements help maintain consistency.

Conflicting positioning approaches in various countries would likely damage the brand of any company seeking to make in-roads into these markets, which may lead to making changes to brand names in order to become consistent across markets. The Twix bar is one of the leading candy bars made by Mars. Until the early 1990s, the bar was named Raider in Germany, France, and other parts of Western Europe. Due to increased media bleed across borders and to support more-consistent positioning, Mars changed the brand name to Twix in its European markets.¹⁶

Brand	Country of Origin
1. Coca-Cola	United States
2. IBM	United States
3. Microsoft	United States
4. General Electric	United States
5. Nokia	Finland
6. McDonald's	United States
7. Google	United States
8. Toyota	Japan
9. Intel	United States
10. Disney	United States
11. Hewlett-Packard	United States
12. Mercedes Benz	Germany
13. Gillette	United States
14. Cisco	United States
15. BMW	Germany
16. Louis Vuitton	France
17. Marlboro	United States
18. Honda	Japan
19. Samsung	South Korea
20. Apple	United States
21. H&M	Sweden
22. American Express	United States
23. Pepsi	United States
24. Oracle	United States
25. Nescafé	Switzerland
26. Nike	United States
27. SAP	Germany
28. Ikea	Sweden
29. Sony	Japan
30. Budweiser	United States

Figure 5.3: Leading Global Brands in 2009

Source: Adapted from "Interbrand Ranking of the Best Global Brands of 2009," *Business Week*.

LEARNING OBJECTIVE #4:

What additional challenges affect international product positioning programs?

The Digital Divide

Technological differences and comfort levels with new technologies can also influence the manner in which a product is positioned in global markets. Less-developed economies suffer from the digital divide, or the gap in technology that limits the ability of countries and regions to develop.

One example comes from personal computer usage. It is estimated that in three fourths of low-income countries, there are fewer than fifteen personal computers per one thousand people. In poverty-stricken and remote areas, other issues arise. Cases have been reported in which ants have eaten through hard drives. Oftentimes earthquakes disrupt Internet service for entire regions.¹⁷ Positioning personal computers with these limiting factors changes the methods a marketing team might use.

Consumer Reluctance

Consumers may also be reluctant to try new product and technologies. Whether it is a mobile phone, a soda, or a solar panel array, many of the billions of consumers in emerging or least-developed markets view these products as innovations. Somewhere a consumer is picking up a digital camera for the first time. For marketers, this means that these products are automatically viewed as foreign, innovative, and new. For established companies, these perceptions may be contrary to some well-established points of difference and might lead the company to reposition the product.

In contrast, consumers in more-developed countries take various products for granted, such as mobile phones, Internet access, and computers, and these products play significant economic and social roles in the country. Entering these markets probably means targeting a more sophisticated set of consumers with higher incomes and educational attainments, and positioning the product accordingly.

In India, the potential market for dental care is large and penetration rates are low. The marketing objective may be to convince reluctant consumers to pay more for value-added product attributes such as gels or teeth whitening. For poorer, bottom-of-the-pyramid consumers, the challenge will be getting consumers to switch to using toothpaste itself instead of the more commonplace toothpowders.¹⁸

COUNTRY-OF-ORIGIN EFFECTS

As companies attempt to establish positioning globally, one common concern will be the product's country of origin. The **country-of-origin effect** summarizes the response a consumer has to a product due to the country that is the source, in the consumer's mind, of the product. Depending on the home country and the country being entered, the country-of-origin effect can drastically alter the position of the product in the minds of consumers. Country-of-origin effects originate in four different areas, which are displayed in Figure 5.4.¹⁹ Together, these factors work to create the sources of country-of-origin positioning effects.

<i>Home country:</i> The influence of a consumer's home country on his or her beliefs
<i>Origin country:</i> The country that the consumer generally associates with a certain product
<i>Made-in country:</i> The country listed on the "made in" label of the product
<i>Designed-in country:</i> The country in which the product was designed

Figure 5.4: Sources of Country-of-Origin Positioning Effects

VIDEO LINK 5.1:
Global Markets



Country-of-origin effects can be positive or negative. Many multinational corporations, such as Coca-Cola, Levi Strauss, and Sony, leverage positive country-of-origin effects to help differentiate products. Some evidence suggests that the country-of-origin can be more important than brand name to consumers. One set of consumers may be willing to pay a price premium for goods when they have positive attitudes toward the country-of-origin.²⁰ Country-of-origin also affects perceptions of quality, which can be used to reduce feelings of purchase risk, and also to increase the likelihood to buy.²¹ Country-of-origin effects are part of the cultural context of international marketing.

Country Image

Country-of-origin effects are often based on stereotyped conceptions consumers have about countries, or the country image. **Country image** consists of the attitudes and knowledge consumers have about a country. Some countries have positive and consistent images globally, including Switzerland's reputation for quality engineering or France's reputation for style. Most-developed countries generally have more positive country images. Less- and least-developed countries often struggle with poor country images. As a result, country-of-origin may limit the ability to market products in more-developed countries.

Negative country-of-origin attitudes can be changed over time, as was the case of the South Korean automaker Hyundai. When Hyundai models first entered the American market in 1986, the marketing team faced negative country image problems. Jay Leno joked that filling up a Hyundai with gas doubled its value.²² The automaker realized consumers were reluctant to buy a car that was "Made in Korea," and was perceived similarly to the Yugo, which was manufactured in the former Yugoslavia. To counter this perception, Hyundai introduced a 100,000 mile, ten-year warranty, the most comprehensive in the industry, in 1998. Finbarr O'Neill, Hyundai Motor's America president and CEO, stated in 2000, "We have to make it OK to drive a Hyundai into the driveway without being apologetic to your neighbors."²³ The warranty, coupled with an increase in quality and an aggressive advertising campaign designed to position the company's cars as being highly reliable, led to a remarkable turnaround. While other automobile companies were losing market share at the end of the decade, Hyundai increased sales and gained market share. The Genesis model was voted 2009 "North American Car of the Year" at the 2009 Detroit Auto Show, suggesting that the negative effects of country image had been largely eliminated.²⁴

Country image problems can emerge in several ways. Figure 5.5 lists some of the more common problems. Each can influence a company's ability to effectively position its products. Country-of-origin attitudes are shaped, in part, by cultural differences, language differences, and political or ideological divergence. Each of these four differences is part of the international marketing context.

Ethnocentrism

Cultural values influence international positioning. Country image varies among consumers within a country. While there are general trends, marketers also need to know the specific attitudes of consumers in the target market. Consumers exhibiting high levels of ethnocentrism or the attitude that their country is better than others pay more attention to country-of-origin labels and are more likely to buy products produced in their home countries.²⁵

Animosity

Relationships between countries can confound positioning efforts. Tensions between or within nations arise in many parts of the world, including those between Greece and



VIDEO LINK 5.2:
Language

Ethnocentrism
Animosity
Nationalism
Religiosity

Figure 5.5: Attitudinal Factors Influencing Country Image

Turkey, Pakistan and India, and Israel and the Palestinians living in the West Bank and the Gaza Strip. These conflicts undoubtedly influence consumer attitudes and behaviors.

When the United States invaded Iraq in 2002, various countries throughout the world, especially in Western Europe, expressed disapproval. A survey completed in 2004 revealed that nearly 20% of consumers abroad said they would avoid U.S. companies and products such as McDonald's, Starbucks, American Airlines, and Barbie dolls (Mattel's) because of the war. At that time, the more American a product was perceived to be, the more resistance it encountered.²⁶

Any **animosity** or anger toward a country can be worsened by political, economic, or military conflicts between countries. A considerable amount of evidence suggests that animosity toward a country strongly influences consumers.²⁷ In the United States, animosity with regard to objections to the Iraq war reached a level in which Congress circulated a resolution to change the name of the French fries in the congressional cafeteria to "Freedom fries," because France had expressed strong opposition to the war at the beginning of the conflict.

Nationalism

At times, animosity toward another country may be coupled with nationalism. **Nationalism** refers to the strong pride and devotion citizens have in a country or nation. Nationalism can be the internal response to activities that can also lead to animosity as consumers examine products from other countries. Nationalism should not be considered as a purely negative or positive attitude. It may be associated with heroic sacrifice, loyalty, and group cohesiveness. From a marketing perspective, it can also lead to a preference for purchasing local goods and services. Conversely, nationalism can lead to boycotts, protests, and even acts of violence toward another country or a company conducting business in a foreign land. Nationalistic consumers often perceive that buying imported goods is wrong because it negatively impacts the domestic economy.²⁸

In May of 2010, millions of Indonesian farmers threatened to boycott Nestlé products. Angry at a move by Nestlé to stop buying crude palm oil from Indonesian farms, an action that would potentially severely hurt the Indonesian economy, the farmers expressed national pride and attempted to protect their community.²⁹

Religiosity



International Marketing in Daily Life

Religions

Attitudes toward countries can also be influenced by religion and religious similarities between countries. Increasingly, **religiosity**, or the degree to which consumers within a country or region are religious, has become a factor some marketers consider when positioning products. Religiosity affects shopping behaviors, attitudes toward advertising, purchase information-search processes, and product preferences.³⁰ A list of the major religions and the percentage of the population that follows each in select countries is presented in Table 5.1.

Each of these religions practices differing dietary programs, holds religious ceremonies in differing ways, exhibits varying viewpoints regarding the status of

COUNTRY	RELIGIONS
Afghanistan	Sunni Muslim 80%, Shia Muslim 19%, other 1%
Argentina	Roman Catholic 92%, Protestant 2%, Jewish 2%, other 4%
Botswana	Christian 71.6%, Badimo 6%, other 1.4%, none 20.6%
Cuba	85% Roman Catholic prior to communist takeover
France	Roman Catholic 83%-88%, Protestant 2%, Jewish 1%, Muslim 5%–10%, unaffiliated 4%
India	Hindu 80.5%, Muslim 13.4%, Christian 2.3%, Sikh 1.9%, other 1.8%
Kazakhstan	Muslim 47%, Russian Orthodox 44%, Protestant 2%, other 7%
Morocco	Muslim 98.7%, Christian 1.1%, Jewish 0.2%
Qatar	Muslim 77.5%, Christian 8.5%, other 14%
Somalia	Sunni Muslim near 100%
Taiwan	Buddhist / Taoist 93%, Christian 4.5%, other 2.5%
United States	Protestant 51.3%, Roman Catholic 23.9%, Mormon 1.7%, other Christian 1.6%, Jewish 1.7%, Buddhist 0.7%, Muslim 0.6%, other or unspecified 2.5%, unaffiliated 12.1%, none 4%



VIDEO LINK 5.3:
Economies in
Transition

Table 5.1: Religions in Select Countries

women and children, and has unique holy days. Product positioning efforts account for these cultural, language, and daily life variances.

By measuring ethnocentrism, nationalism, animosity, and religiosity, marketers have a better understanding of the potential effects of country image and country-of-origin image. This increases the potential to successfully position products that are ready to export to other countries.

Consumption of simple products, such as drinks, may reflect religious beliefs. American politics, particularly in the Middle East, have led come consumers to want an alternative to Coca-Cola sodas. Mecca Cola, which is sold in parts of Europe and the Arab world, positions itself in terms of religion. The brand name, Mecca, and the cola's slogan "Don't drink stupid. Drink committed," both reflect targeting of Muslim consumers.³¹



Mecca Cola, which is sold in parts of Europe and the Arab world, positions itself in terms of religion.

REGULATIONS

Regulatory environments present one of the more important differences between nations as marketers respond to the international context. Each country's government has sovereignty over business activities within national boundaries. **Sovereignty**

means that the government has authority or control within its state. Foreign businesses must respect this sovereignty and follow the regulations and rules within the country.

Regulations may keep a company from positioning a product in terms of a new benefit or attribute, or in some cases, from entering a market at all. In Canada, Tropicana orange juice with added calcium is not classified as a food but instead as a drug. Each container is required to have a drug identification number on the label.³² The regulation limits the potential position of this product in the mind of consumers as simply a tasty or healthy beverage. It might be difficult to market the drug “orange juice with calcium,” complete with a drug number, to consumers.

PACKAGING AND LABELS

Product of
Made in
Designed in
Packaged in
Assembled in
Certified made in

Figure 5.6: Country-of-Origin Label Wordings in the United States

Another difficulty associated with international marketing may be found in packaging and especially labeling regulations that are part of the political or regulatory international marketing context. A salmon caught by a fisherman in the United States that is shipped to Thailand for skinning and deboning and ends up on a grocery store shelf in Brazil has three potential points of origin. The question arises as to which country of origin should be printed on the label. A Braun shaver sold in Wal-Mart is made with parts from Germany, Ireland, and Hungary, and was probably assembled in China.

In the United States, differing country-of-origin labels are allowed (see Figure 5.6). The labels may reflect where the product was produced or where the product was assembled. As is the case in many countries, a product can be labeled “certified made in the U.S.A.” even when at least part of the product was manufactured in other countries. The key is that virtually all parts and processing are of U.S. origin. The “assembled in” label can be used if the last substantial transformation happened in that country. In general, what this means is that many product packages, even ones with “made in the U.S.A.” on the label, were probably partially produced or assembled elsewhere.³³

International Positioning Methods

LEARNING OBJECTIVE #5:

What steps and tactics are used to establish positioning, evaluate positioning, and conduct repositioning in international markets?

The positioning process, whether international or domestic, includes a series of steps, as is summarized by Figure 5.7. First, the company’s marketing team identifies target markets. These targets identify the group of consumers whose perceptions form the basis for the company or the product’s position. Members of various target markets may have different perceptions of the company. A company may be well positioned in one target market but not in another. Next, competitors are identified. Finally, the marketing team conducts an analysis of target market characteristics to identify points of difference. Techniques such as positioning maps are used to further clarify the position a product or brand holds in the marketplace. Depending on the results of the analysis, efforts to enhance or to reposition the brand may be undertaken.

IDENTIFY TARGET MARKETS

The second element of the segmentation, targeting, and positioning (STP) approach is target marketing. After a group of market segments has been identified, the marketing team chooses which market segments to pursue. Market segments may have been established based on demographics, psychographic similarities, geographic area, geodemographics, consumer type, product benefits, or product uses. A set of these

segments, typically with a common element, constitutes the target markets that best fit with the company's marketing program.

A key concern marketers have about any target market is when consumers in the group will be willing to spend their money on the product. Positioning, especially in terms of unique product benefits, often signals a certain price point. In Japan, Tod's, the Italian leather goods house, is positioned as a high-quality, high-price product.³⁴ Members of Tod's target market are affluent, aspiring, global consumers, whether in Japan, the United States, or China. These individuals are willing to spend money on quality products.

A company such as Toyota, with a larger, more-price-sensitive target market, becomes more concerned with the price signal that is sent. The price should not signal a level of quality that is higher than members of the target market believe they can afford. This issue becomes particularly important when the marketing team targets local and bottom-of-the-pyramid consumers.

- | |
|--|
| 1. Identify target markets. |
| 2. Analyze competition within the target market. |
| 3. Identify points of difference. |
| 4. Enhance or reposition, if necessary. |

Figure 5.7: The Steps of Product Positioning

ANALYZE COMPETITION WITHIN THE TARGET MARKET

One key concern for a company's marketing team involves identifying all potential competitors. Nearly every product or service sold encounters several levels of competition internationally, including product versus product, product line versus product line, brand versus brand, company versus company, and industry versus industry. These perceptions in turn affect positioning efforts.

Product vs. Product

At the most basic level, a product first competes with similar products. In the United Kingdom, a variety of home cooking, fast-food, and upscale restaurants offer fish and chips, a standard British fare. There are now around 8,500 fish and chip shops across the United Kingdom; which is eight for every one McDonald's outlet, making British fish and chips the nation's favorite take-out food.³⁵ Automobile companies first compete at the product versus product level, as a buyer considers a Nissan Altima, Toyota Camry, or Hyundai Sonata. When positioning products globally to compete with other products, careful attention should be paid to issues of quality, product differences, and price at the product level.

Product Line vs. Product Line

A product line consists of similar products within a particular category. Canned fruits may be sold by a company offering a product line that includes mixed fruit, pineapples, peaches, grapes, mandarin oranges, pears, and apples. Typically, a house mark brand represents all of the products in a line. In the United States, Dole's line of canned fruit competes against Del Monte and others. In Thailand, another of Dole's competitors is Bangkok Companies and its subsidiary Thai Fruit Company.

Product lines compete with depth and breadth, both of which affect positioning. The *depth* of a product line is the total number of products in that line. If Thai Fruit Company offers ten varieties of canned fruit, ten becomes the depth of the line. *Breadth* refers to the number of lines offered by the company. The Thai Fruit Company also offers fruit drinks; Dole benefits from a strong association with fresh fruits, especially pineapples from Hawai'i. Dole also offers canned vegetables and packaged salads, creating greater breadth.

Depth and breadth can create a stronger brand image, as the increased number of product offerings leads to the company becoming known to a wider variety of



Fruits and fruit products can be offered using product line target market positioning.

customers. Depth and breadth also contribute to positioning at the product line versus product line level of competition. As depth and breadth expand, customers enjoy more choices and can rely on a brand when shopping, reducing purchase time, and quickly eliminating other purchase alternatives. By offering quality salads, Dole increased the odds that those who purchase the salads will also buy its fresh fruit, canned vegetables, or any new product the company introduces.

Brand vs. Brand

Well-known companies with powerful brand names enjoy key advantages in positioning efforts. This may be due, in part, to consumer considerations as one company is compared to another. Brand equity contributes to positioning and becomes a major asset in brand versus brand competition. A strong brand makes

product diversification processes more manageable. When Sony introduces a new electronic device, consumers are likely to transfer the trust they have in the brand to the new product.

A brand name with negative connotations may experience some difficulties. The Exxon-Mobility Corporation has been vilified by various critics since the 1989 oil spill disaster in Alaska. BP, the British Petroleum brand responsible for the largest oil spill in world history (2010), undoubtedly will share the same fate in the coming years.

Global brands compete against each other across markets. The toothpaste brands Crest, which is owned by Procter & Gamble, and Colgate, which is owned by Colgate-Palmolive, battle for the same consumers globally. China represents the largest toothpaste market by volume, and toothpaste marketing activities in the country are particularly aggressive. Consumer reluctance to brush daily continues, and only 20% of bottom-of-the-pyramid rural Chinese consumers do so. Many Chinese view toothbrushing as providing cosmetic rather than health benefits. In response, both toothpaste brands try to establish position in terms of health benefits. Crest had plans to make a television advertisement where half of a white egg is brushed with Crest toothpaste. The egg is then lowered into an acid bath for an hour. After the hour, the side of the egg coated with toothpaste is strong while the other side is brittle and breaks. Colgate's marketing team discovered the potential ad and preempted Crest by making a similar commercial using a seashell instead of an egg.³⁶

Company vs. Company

When engaging in positioning activities, a foreign company may face an advantage, disadvantage, or relatively neutral outcome when competing with local firms. In some instances, where consumers are more cosmopolitan, a foreign entity may be more readily accepted; in areas where ethnocentrism prevails, a foreign competitor begins with a strategic disadvantage.

Although marketing teams in multinational corporations from developed economies may believe that at all they need do is enter an emerging market to enjoy success, the

INTERNATIONAL INCIDENT //

An employee of the 7-11 Convenience Stores company, you travel to Mexico looking for new potential franchisee partners. A meeting is held with a local businessman to gauge his interest. The opportunity seems to be attractive to him, but one concern is raised. A certain amount of animosity exists toward the United States in parts of Mexico. He is nervous that this partnering will hurt the company's position in the country. This places you in a potentially awkward position. Your company, 7-11, is actually a Japanese company. How do you respond to this issue? Should you correct him? Does the high power distance culture, in which status differences have significant meaning, in Mexico affect how you should respond? More broadly, animosity toward 7-11, even if it is based on a false perception, might constrain moving into the Mexican market. How would you address this problem?



opposite may be true. Outside companies often encounter difficulties when entering emerging markets and struggle to compete with local competitors in those countries.

Multinational firms face institutional voids in emerging markets. In other words, these organizations do not have the structures or support needed to enter an emerging market and the country cannot meet those needs with local resources. The emerging market country may lack the data or delivery services required to meet the needs of the market. A lack of access to local capital or human resources might create another challenge. Local firms can often access the same developed country markets for capital or talent. Managers of these companies can talk to angel investors in California or list the company on the New York Stock Exchange.

Local firms, by definition, already meet the needs of local markets. In contrast, multinationals encounter additional costs, in terms of both time and money, to adapt activities in order to meet the same local needs. The costs and risks associated with entering these markets rise as a result, and may impede attempts at positioning.³⁷

A multinational firm hiring local talent in India might experience an institutional void. With the boom in services, talented workers are becoming increasingly rare. With little knowledge of local institutions, and no valid ranking systems available, the company faces the institutional void problem.³⁸

Industry vs. Industry

In any economy, an individual, family, or business has a finite number of dollars to spend. Choices are made on a daily basis. The decision to purchase an expensive cup of coffee in the morning may lead the consumer to skip lunch or to buy only a bag of potato chips at noon.

Understanding the product's industry as well as other industries that may take customers away will be part of the position process. Recreational activities compete internally (watching a professional soccer match versus going to the movies), and with other businesses where consumers spend money on sundries. During economic slumps, a family may forgo traveling on vacation and instead purchase a new smoker or barbeque grill.

Careful positioning means accounting for all levels of competition. The most powerful influence will be similar products; however, brand names and other factors can change a company's approach. Comparisons with similar brands and products from other industries will include pricing considerations.

IDENTIFY POINTS OF DIFFERENCE

After identifying target markets, evaluating competitors, and reviewing other influences, the marketing team analyzes the company or product's current position. Market research will be conducted, normally beginning with consumer surveys regarding attitudes about a product. Attitudes are assessed across a variety of features and benefits, both tangible and intangible.

Tangible product benefits are the value drawn from the physical components of the product. The popular Brazilian soda ingredient Guarana accounts for more than one third of Brazilian carbonated drink sales. The bubble-gum-tasting fruit ingredient has high caffeine content and is also rumored to create romantic benefits. The product provides many tangible benefits including taste and energy.

Intangible product benefits are the value drawn from the social, emotional, and nonphysical aspects of consumption. Within the Brazilian market, there are also important intangible benefits to purchasing Guarana, including prestige, patriotic pride, and connections to local communities.

Most products offer tangible and intangible benefits to consumers. An analysis of the benefits can become complicated as a result. To organize the process, marketers often employ positioning maps. **Positioning maps** are tools used to map the company and its competitors in terms of consumer attitudes or perceptions. Typically the marketing team examines factors that drive purchases and influence purchasing decisions. Positioning maps can be important tools for international marketers, helping them understand how a company's products and brands are perceived by consumers in other countries.³⁹

Figure 5.8 displays a traditional positioning map featuring price and quality perceptions within the automobile industry. The map indicates that perceptions of quality increase as the price of the product rises. The positioning map also suggests that quality signals price. Most maps that utilize price and quality as the main factors look basically the same across product categories. In the map as shown, Toyota, which had experienced problems with safety (that have been since resolved), may have seemed overpriced at that time, due to quality perceptions. This positioning map is not based on data. It was created by the authors as a sample for illustrative purposes.

Intangible product benefits are the value drawn from the social, emotional, and nonphysical aspects of consumption.

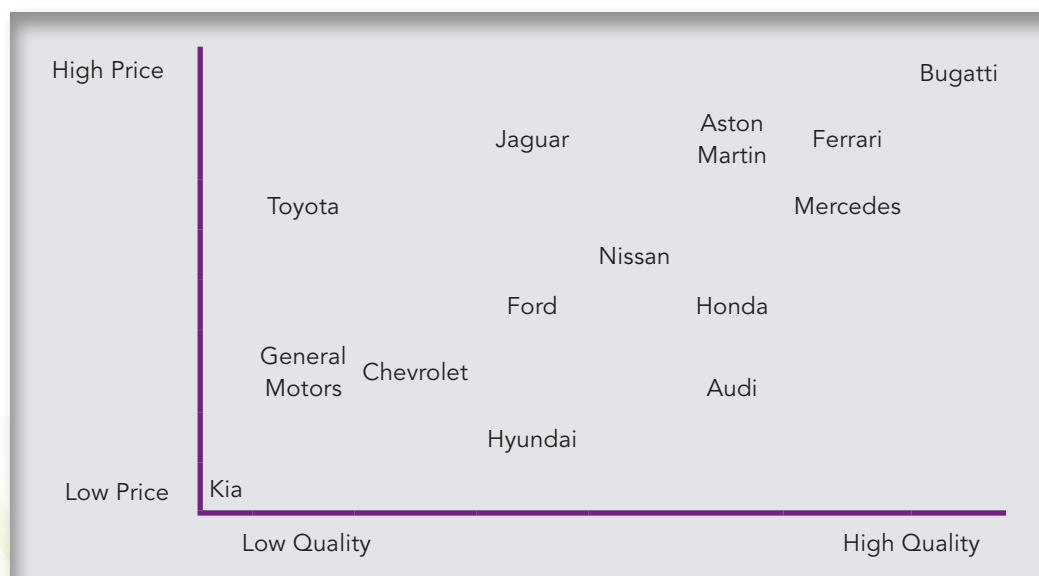


Figure 5.8: A Price-Quality Positioning Map

Positioning maps should be designed to identify attitudes related to a company's source of differentiation. Instead of using price, actual product attributes can be examined. The positioning map featured in Figure 5.9 includes the same automobile brands that appear in Figure 5.8, but instead this second map uses consumer impressions of speed and safety as its basis. The map does not display the same relationships as the price-quality map but rather the map suggests clusters of brands. The luxury sports cars cluster together on the high-speed feature but, as a result, engender lower perceptions of safety.

The family car brands such as Ford and Nissan cluster in the middle of the map. These brands are all perceived as being relatively safe but also relatively slow. The brands that do not cluster are differentiated in terms of speed or safety. Audi has the reputation as a safe car, which is how it differentiates from competitors. This position is reflected on the map. When Toyota experienced problems with accelerator pedals (that have now been fixed), consumers may have viewed the product more negatively, as shown in this example. This positioning map (Figure 5.9) is not based on data. It was created by the authors as a sample for illustrative purposes.

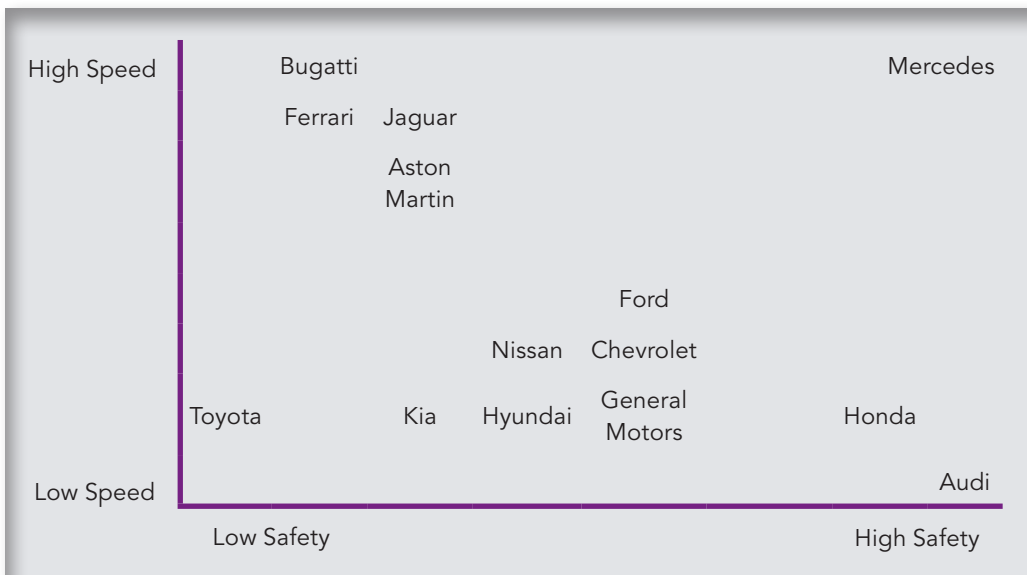


Figure 5.9: A Speed-Safety Positioning Map

Share of Mind and Share of Heart

Two additional variables may be used to examine the position of a product or brand: share of mind and share of heart. *Share of mind* refers to the product's position in terms of brand awareness. A product with low share of mind is not readily recalled when a consumer considers brands in a product category. A brand with high share of mind will immediately emerge when a consumer thinks about the same category. When consumers are asked to name the top athletic shoe companies, typical responses are likely to include Nike, Reebok, Adidas, and perhaps one or two more brands. These brands feature a strong share of mind, which may be based on the tangible attributes of the shoes.

Share of heart focuses more on the emotional components of the consumer attitudes. These include the ways consumers experience the product and its social context. Share of heart suggests that relationships, emotions, and experiences are

part of a product's position. When a basketball player continues to wear Air Jordan basketball shoes because he had worn them in high school, the shoes have achieved share of heart.

A product exhibiting high share of mind combined with high share of heart holds a strong marketing advantage. Vegemite, a yeast extract spread, is sold in Australia. Leftover brewer's yeast extract, a by-product of beer manufacture, is combined with various vegetable and spice additives. Vegemite appears dark reddish-brown, almost black, and provides a rich source of Vitamin B. It is thick, similar to peanut butter, very salty, and has achieved nearly cultural icon status. Numerous sources note that Vegemite is to Australian children what peanut butter is to kids in other countries. Vegemite clearly has strong share of mind and share of heart in that market. If a pocket of Australian immigrants were to emigrate, they would undoubtedly constitute a target market for Vegemite based on this strong position.⁴⁰ Figure 5.10 displays a share of mind/share of heart example for Vegemite, Sanitarium Peanut Butter, Kraft Jelly, and Philadelphia Cream Cheese in Australia.

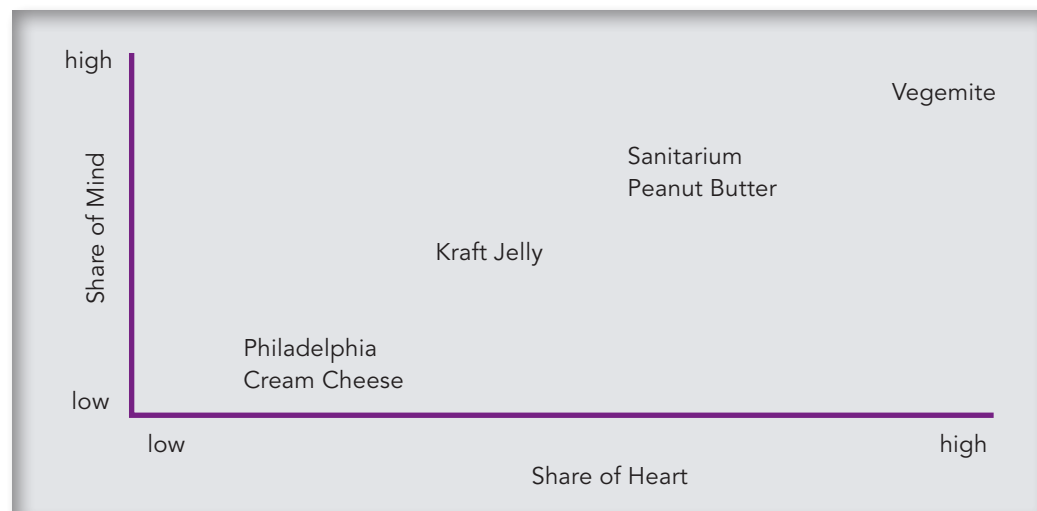


Figure 5.10: Share of Mind and Share of Heart

As shown, Vegemite enjoys both high share of mind and high share of heart. Positioning efforts would be dedicated to maintaining that standing. Sanitarium Peanut Butter holds nearly as much share of mind, but has less share of heart, because it does not possess cultural icon status. The company holds a strong position and would likely seek to enhance one or more of the features, perhaps by emphasizing price-quality relationships, product user status, such as children versus adults, or some other positioning approach. Kraft Jelly has a diminished place in terms of both share of mind and share of heart. Should the marketing team discover that share of heart is lower due to perceptions that it is an "American" product with no particular appeal to Australian customers, marketing efforts can be made to improve share of heart and create greater loyalty to the brand by linking the brand to Australia. The marketing team with the biggest challenge would be the one selling Philadelphia Cream Cheese. A logical approach would be to begin with improvements to share of mind, thereby increasing consumer awareness of the product and its many uses. Share of heart and brand loyalty might then grow over time.

The same share of mind and share of heart map, if produced for the United States, would reveal dramatically different results. Most American consumers only know about Vegemite sandwiches due to a line from a Men at Work song from the 1980s (“He just smiled and gave me a Vegemite sandwich”). In the United States, Kraft’s peanut butter and jelly products would occupy the position held by Vegemite. Consequently, each company’s marketing team can use the map to understand a product’s position in other countries. Philadelphia Cream Cheese’s advertising company recently undertook a massive marketing effort to reinforce the concept that the product could be used in a variety of ways beyond being a spread for crackers, because the marketing team believed the company held strong share of heart status. The results were a change in share of mind, based on new uses for the product, and increased sales.

ENHANCING POSITION OR REPOSITIONING

Following the analysis of a company or product’s current position, the decision will be made regarding enhancing a current position or seeking to reposition the brand. Most of the time, a position that has been previously established will be reinforced or enhanced. Repositioning normally will be undertaken only when circumstances indicate that a more radical approach is in order.

Tata Motors is an Indian automobile manufacturer. A few years ago, Tata Motors began the process of introducing the Nano in the United Kingdom. In India, the Nano is an austere and simple \$2,500 car targeting relatively impoverished consumers. To be successful in the British market, the marketing team understood that the car would require some adjustments. First, it would have to meet more stringent safety standards. In response, the company added extra foam and structures behind parts of the car, reinforced sections of the body, and installed air bags. After passing safety tests, upgrades to the Nano’s engine and brakes were considered. The modifications would be designed to achieve a new position, one in which the same brand name is attached to a radically different and more expensive car. Company leaders believed the car, as adapted, would attract British customers.⁴¹

Enhancing Position

Enhancing position involves all standard and nontraditional marketing approaches. A brand featuring a *unique product attribute* will be marketed with a strong emphasis on the feature. When targeting a new market in another country, the marketing team ascertains whether the feature or attribute is known and valued by those in the market. Over time, a description of or reminder of the attribute may appear in point-of-purchase displays; it might be described on any social networking forum that becomes available; advertising could be used to highlight the feature; and customer loyalty programs may be designed to encourage repeat purchases. Attempts will be made to build on the unique benefit, especially if a celebrity or well-known company purchases and endorses the item in the target market country.

Positioning based on *competitors*, as part of an international program, likely will concentrate on local competitors first. The product will be differentiated in some way, typically avoiding denigrating the competition so as not to offend locals. An established product that has achieved a niche may continue to compete by fending off any new entries into the marketplace while seeking to enhance the status of the product relative to competitors.

Enhancing *use or application* positioning constitutes a relatively straightforward process. It can be accomplished through the training of salespeople to emphasize various product uses. Advertising can demonstrate those uses. When additional

uses for the same product have been identified, the number of potential customers expands. Arm & Hammer baking soda has been successfully marketed in the United States for many years. Growth in sales resulted, in part, from advertising campaigns that touted its many uses. It can be used for cooking, for deodorizing refrigerators, and as a household cleaning agent. Baking soda is viewed differently worldwide. It is not commonly used for baking purposes in France. Rather, *bicarbonato de sode* and the more common *la levure chimique* are used. Promoting alternative uses may be a creative way for the product to gain sales in countries such as France.

Price-quality relationship positioning may be emphasized through various tactics aimed at the position chosen. When a product carries a high price and implies high quality, premium programs allow the marketing team to offer a sales enticement without reducing the price. At the extreme, it may be possible to develop social networks of fans of high-priced items. Conversely, at the low-price extreme, a continuing emphasis on price remains the primary marketing tactic. For those products of medium price and quality, the approach features value as the primary selling point. These methods are highly similar in both domestic and international markets.

Product user positioning in international marketing may center on psychological, sociological, or spiritual values held by potential consumers. Psychological values may include feelings of cosmopolitanism, positive attitudes toward the country-of-origin, or pleasant feelings associated with the actual use of the product. Products that are considered to be “everyday” in one country can be perceived quite differently in others. American jean marketers, such as Levi-Strauss, realize that their products are quite fashionable in many European countries. Wearing Levi jeans makes a statement about the consumer in these countries. Sociological distinctions include the emphasis on feelings of belonging, social status based on use of the product, or connections to family, such as by purchasing insurance to protect them. Heineken, from Holland, is marketed as a premium product in the United States and is positioned to appeal to the upscale consumer. Religious values are also sometimes expressed in the use of some products, such as unleavened bread and kosher meats.

Product class international positioning may rely on a universal endorsement, such as ISO (International Organization for Standardization) 9000 or 14000 standards. These notify buyers that an item is of sufficient quality to be considered as competitive with other products in the same class. Retaining ISO distinction maintains a product’s position. ISO standards apply to both products and services. Hospitals may seek ISO certification to become known for delivering the highest quality in health care to patients.



Cultural symbol positioning can be an effective international marketing strategy.

Cultural symbol positioning may be based on a local icon, such as Yannick Noah. Noah was a professional tennis player and is now a singing sensation in his native France. Cultural symbol positioning may rely on association with a specific national feature, such as the spectacular sunsets on the Greek Isles of Mykonos. As long as the celebrity maintains that status or a national feature remains popular, associating a product with the symbol may enhance the status of the product.

Consistency remains the key to enhancing product positioning using any of these methods. Strong brands stand on continual emphasis of the same features. A product's position remains stable unless unforeseen events, competitor actions, or other external forces change it.

Often enhancing a product position involves overlapping concerns. Phillips has been successful in the Malaysian kitchen appliance market with three separate brands: Comfort, Cucina, and Essence. Essence is Phillips' premium brand. Though both Comfort and Cucina are affordable and positioned as top performers at a reasonable price, Cucina is positioned as the higher-quality, higher-priced brand. Products carrying the brand are high end, with sophisticated technology. For all three brands, Phillips balances the price-quality position while emphasizing unique product attributes and use positioning.⁴²

Bottom-of-the-Pyramid Positioning

Positioning within the bottom-of-the-pyramid markets can be complicated. Consumers typically already have awareness of the product and the benefits it provides. The challenge is not differentiation, at least no more so than in any other international market segment. The concern become shifting the company's focus. For many strongly positioned, premium global brands, the process of creating those brands leads to a high-quality position. The natural concern will be that within the bottom-of-the pyramid market the position also signals a high price. Such a perception may lessen consumer interest because they will believe that they cannot afford the product.

Positioning in the bottom-of-the-pyramid involves educating consumers about the steps the company has taken to adapt to the consumer's level of income. Doing so requires repositioning the product or brand as being attainable in terms of price without losing the differentiation in terms of quality or product features. It may entail the introduction of a new brand that then can be positioned in the minds of consumers.

Ginger Hotels in India are part of the large Indian conglomerate, the Tata Group. Before introducing Ginger Hotels, the company's marketers mainly focused on the

INTERNATIONAL INCIDENT

You are visiting Russia as part of an executive exchange program. Upon arrival, you witness two Russian executives engaging in a hug as they greet one another. Assuming this is proper protocol, you hug the two executives and receive a chilly response. Soon after, you offer an apology, explaining that you thought it was the cultural norm to hug as a greeting. The executives laugh and explain that they are old friends. In business settings, a firm handshake is in order. Later, during the meeting, one of the two executives laughs during a light moment and touches you on the arm. What should you conclude?



luxurious Taj Hotel brand. Ginger Hotels, in contrast, are positioned as “smart basic” hotels that are highly functional but with no frills. The target is bottom-of-the-pyramid consumers.⁴³

Every positioning activity will be pursued while looking for the most low-cost approach. Unlike more-developed countries or regions that have more expensive labor, companies seeking to serve the bottom-of-the-pyramid often use local salespeople or contacts in order to minimize selling costs. Beyond the social employment benefits, these individuals can turn into strong advocates for the product or company.

Repositioning

When a product or brand’s position creates an unfavorable circumstance, the company’s marketing team may seek to reposition it. **Repositioning** is the process of changing consumer perceptions of a brand relative to competitors. It involves a sweeping process that must be implemented at the strategic level, thereby affecting every part of the company. It cannot simply be a marketing ploy, which might arouse the suspicions of consumers.

Repositioning is the process of changing consumer perceptions of a brand relative to competitors.

In the positioning map shown in Figure 5.9, Nissan did not have an advantage with regard to either safety or speed. The marketing department, after seeing the results, might try to reposition Nissan on the variable of safety. Repositioning would involve improvements in the safety features of the automobile (in the design and manufacturing departments), a promotional campaign to inform consumers of these changes (marketing), public relations releases announcing the results of new safety tests when they favor the company, and an overall company focus on safety. Such a strategy includes informing all employees about the new approach and rewarding those who suggest innovations and improvements related to safety of the automobiles. If successful, a future positioning map would show Nissan moving up on perceptions of safety.

The Hyundai example from earlier in this chapter serves as an example of effective repositioning. The company moved from perceptions of being cheap and low quality to a new position based on improved consumer perceptions of quality.

Repositioning cannot be viewed as a quick and easy fix. It takes time to change public views of a company, especially when the organization has experienced brand damage in some way, when consumer preferences have changed, or when international events, such as a war or an economic shift, have taken place. Some evidence suggests that it can take up to six years for consumer perceptions of quality to shift.⁴⁴

In 2004, Findomestic, an Italian bank, began to reposition the service as one that stressed responsibility. Support was provided to consumers that wanted guidance on how to use credit more responsibly. A code of ethics was established for the company and a guide was provided to consumers about financial responsibility. Even with these steps, the company’s leaders were disappointed in the results and so, to better communicate with consumers, in 2010 the first television campaign in the history of the company was rolled out. Time will tell if the repositioning effort will be successful.⁴⁵

Sustainability and International Positioning

Sustainable business practices can be a method to differentiate a business from its competitors. Positioning a company, business practice, and product as being more environmentally conscious allows the organization to occupy a unique space in the

minds of consumers. Sustainable business practices have become popular around the world.

The potential benefits created by a sustainable position have led to growing concerns about greenwashing tactics. **Greenwashing** is the practice where company leaders exaggerate or even fabricate the degree of the sustainable or green activities taking place in the organization. Treating sustainability as a fad, instead of a core value of the company, can lead to greenwashing. Figure 5.11 below provides examples of greenwashing “sins.”⁴⁶

Greenwashing is the practice where company leaders exaggerate or even fabricate the degree of the sustainable or green activities taking place in the organization.

Greenwashing Sin	Explanation
Hidden Trade-Off	Emphasizing one environmental issue at the expense of another
No Proof	Using assertions not backed by evidence or certification
Vagueness	Using a phrase such as “All Natural” that has no meaning
Worshipping False Labels	Using images that look green but have no meaning
Irrelevance	Emphasizing a green activity unrelated to the product or not allowed by law
Lesser of Two Evils	Being green with a product that by nature is not green (e.g., organic cigarettes)
Fibbing	Making outright false statements or claims

Figure 5.11: Seven Deadly Greenwashing Sins

Many activities can help a marketing department respond to concerns about greenwashing and effectively position brands as being genuinely sustainable. When a company appears to be sincere and authentic, and to communicate sustainable practices, consumers are more inclined to believe the message. Doing so may involve a complete reinvention of the brand.

For many years, General Electric held the reputation of being a polluter and an aggressive corporate citizen. The view was partially due to management’s refusal to clean up the Hudson River that the company helped to pollute. In 2005, General Electric’s management team began the attempt to reposition the company as being sustainable and green. First, the company launched the Ecomagination initiative program, which included a variety of product innovations. The research and development department invented a solar-powered water purification unit that is now being used in Haiti to help supply water to that country following the 2010 earthquake. Next, the company renovated its headquarters in Vancouver to be more sustainable by adding a system to catch rain, a wastewater-treatment system, and a rooftop garden.⁴⁷ These activities build trust with consumers; company actions have repositioned General Electric as sustainable and socially responsible.

Truly green programs are accepted and acclaimed in many international settings. In future years, going green may become less of a positioning advantage if most companies follow the trend.

Ethical Issues in International Positioning

In the area of positioning, two ethical concerns have arisen. The first is the role that positioning can play in encouraging consumption. This may drive consumers to purchase things they do not need or to envy those who can afford the product. In essence, positioning may be viewed as leading to envy and greed.

Second, positioning often seems to make the promise that the consumer will become younger, prettier, or more popular. The ethical issue is in regard to body image and self-image when products are marketed in terms of intangible benefits that are based on social standing. Positioning based on social status has been criticized as unethical and a driver of low self-esteem. Instead, critics argue, products should be differentiated in terms of benefits present in the product or its use that are not based on social status or unrealistic hopes for improved personal appearance. The issue becomes magnified when consumers in less- or least-developed countries are the target market.

reflected in all operational activities, including distribution, sales, promotion, and all other components of the marketing mix. The focus on positioning ensures a consistent message at all contact points.

Positioning processes become more complicated in international settings. A company should, whenever possible, present consistent positioning in all markets. With travel and relatively global communications, consumers will eventually be exposed to messages from different countries or regions. These communications should support the overall positioning of the firm.

In summary, international positioning processes should be consistent with those used in domestic markets. The underlying characteristics of the product plus the expertise of the company should drive this consistency. Emphasizing a product attribute in one product and a different attribute in another, or trying to leverage one company skill in one market and a different skill in another, becomes costly and problematic. Efficiencies can be gained from consistency and focus; the position that emerges for the company and brand helps lead to long-term success.

TERMS

product position

product positioning

positioning statement

differentiation

brand equity

brand parity

country-of-origin effect

country image

animosity

nationalism

religiosity

sovereignty

tangible product benefits

intangible product benefits

positioning maps

repositioning

greenwashing

REVIEW QUESTIONS

1. Define product positioning.
2. What are the two key elements of product positioning?
3. Define differentiation. What are some examples?
4. How does differentiation help create brand equity?
5. Define brand parity and give an example.
6. In what ways does technology influence global positioning?
7. Define the country-of-origin effect.
8. What do the terms *animosity* and *ethnocentrism* mean?
9. Define nationalism. How is it different from animosity?
10. Define sovereignty.
11. What are the different country-of-origin label options?
12. What are the complicating factors for identifying country of origin?
13. What is product versus product positioning?
14. Define product line.
15. What is product line versus product line positioning?
16. What is the difference between brand versus brand positioning, and company versus company positioning?
17. How does positioning relate to price?
18. Describe tangible product benefits and intangible product benefits concepts.

19. How do positioning maps show differentiation?
20. What is the difference between share of mind and share of heart?
21. What are the different ways to enhance a product's position?
22. Define repositioning.
23. Define greenwashing and name the seven deadly sins of greenwashing.
24. What is the change in focus some companies need to make when positioning at the bottom-of-the-pyramid?
25. What ethical concerns does positioning present?

DISCUSSION QUESTIONS

1. There are at least six effective methods for positioning products: (1) competitors, (2) use or application, (3) price-quality relationship, (4) product user, (5) product class, and (6) cultural symbol. Identify two brands associated with the following countries:
 - United States
 - Mexico
 - United Kingdom
 - Japan
 - Netherlands

Identify the positioning strategy each uses, then suggest an alternative strategy.

2. Choose a product category and make a list of five brands, three of which are not made in the United States. Identify two attributes that are common across these five brands. Using the perspective of a college student (meaning you are part of the target market), create a positioning map for these brands and then interpret the map.
3. Identify two products that compete at each of the following levels, in at least two countries besides the United States. Explain how the competition might influence positioning strategies.
 - Product versus product
 - Product line versus product line
 - Brand versus brand
 - Company versus company
 - Industry versus industry
4. Ethnocentrism, animosity, nationalism, and religiosity all influence consumer perceptions of products. Consider how these factors influence positioning for the following brands when entering France, Thailand, and Saudi Arabia:
 - Royal Dutch Shell
 - Starbucks
 - Haier
 - Carrefour
5. Visit a local retailer and find five products with country-of-origin labels. What countries are they from? How does country of origin relate to product attributes or sophistication? How does it influence the position for the product?

ANALYTICAL AND INTERNET EXERCISES

1. Many companies do not emphasize home country status. As a result, many consumers are unaware of the country or origin for many brands. Research online the home countries for the following companies or brands:
 - Firestone
 - 7-11 Convenience Stores
 - Ben & Jerry's Ice Cream
 - Samsung
 - The Wall Street Journal
 - Smith and Wesson

- Rolls Royce
 - Adidas
 - Lego
 - Burger King
 - Huffy Bicycles
 - Nokia
 - Red Bull
 - Volvo
2. Differentiation can be created and/or reinforced by promotional activities. Visit the websites of the following companies and use the home pages to identify how they are differentiated.
 - Sony (sony.com)
 - The Tata Group (tata.com)
 - Hyundai (hyundai.com)
 - Starbucks (starbucks.com)
 - Mango (mango.com)
 - The Mandarin Oriental Hotel Bangkok (mandarinoriental.com/Bangkok)
 3. Food is subject to a particularly high level of regulation. Examine the Food and Drug Administration food labeling requirements website (www.fda.gov/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments/FoodLabelingNutrition/FoodLabelingGuide/default.htm). What is the benefit of the labeling process? What is the cost? How might it influence international positioning?
 4. One product that has enjoyed international success is Turkish Delight candy. Many companies, including Nestlé, produce versions of the product. In Turkey, firms such as Tatlisumak and Pinar Kuruyemis produce and sell the delicacy both domestically and in other countries. Most Turkish citizens are proud of their local culture and products. Construct individual maps exhibiting share of mind and share of heart for Nestlé, Tatlisumak, Pinar Kuruyemis, a British confectioner that produces “lumps of delight” for Turkey, Great Britain, and Mexico. Explain how differences in status in these countries would affect positioning or the product as well as other international marketing programs for them.



ONLINE VIDEOS

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CASE 5

TOTO: Positioning Plumbing Products Globally

TOTO is the world's largest manufacturer of toilets, producing more than 7 million units each year. The Japanese company was founded in 1917, with "TOTO" being an abbreviation of the two Japanese words forming its full name: Toyo Toki. Although the company manufactures a complete line of plumbing supplies, the company is best known for its high-end, innovative toilets.⁴⁹

TOTO enjoys a consistent position across markets, and differentiates from competitors by being the leader in innovation. With 5% of revenues going to research and development (R&D) and an army of 1,500 engineers, the company remains at the cutting-edge of toilet technology. The company's Washlet Zoe was listed in the Guinness Book of Records as the world's most sophisticated toilet in 2005.⁵⁰

TOTO holds its position based on beliefs about company innovations combined with an emphasis on sustainability. The company began designing water-conserving toilets before many governments began to focus on this improvement. The Aquia introduced in 2005 has a 1.6-gallon flush for bulk waste and a 0.9 gallon flush for light or liquid waste. The Aquia saves an estimated 20% more water than an ultra-low flow toilet.⁵¹ TOTO also invented and introduced the tankless toilet, which leads to less material waste in manufacturing and a more efficient flush.

TOTO's success has been largely based on its patented invention of the Washlet, an automated, remote-controlled cleaning nozzle. A consumer pushes a button and a nozzle extends to warm-water rinse and then warm-air dry. The nozzle moves back-and-forth resulting in a clean so thorough that the company claims that no toilet paper is needed. This makes the nozzle not only innovative but also green—it eliminates paper waste. The nozzle then retracts and self-cleans before the next usage. The products were first introduced in 1980 and have sold 18 million units worldwide. Washlets are highly popular in Japan and hold 60% of the market share for toilets.⁵²

The Washlet is one of many company innovations the company has made. TOTO also features "smart toilets" that offer various luxury features such as a

heated-seat, hands-free automatic flushing, tank-less toilets, built-in air-purifying systems, remote control adjustable heated seat temperatures, an energy-saver timer that turns off the toilet during low usage time periods, and even medical sensors to measure blood sugar, pulse, and blood pressure. In Japan, a popular feature in women's restrooms are small speakers that play music to mask any sounds made while the consumer uses the toilet.⁵³ Two other recent innovations are the automatic closing and opening lid, which the company markets as a "marriage saver," and a rimless design for the bowl, which keeps the bowl cleaner longer.⁵⁴

As TOTO has become increasingly dominant in the Japanese market, with over 70% of households using the company's products, global expansion has become necessary to continue growth.⁵⁵ The company currently operates in the following countries:

- China
- Taiwan
- Thailand
- United States
- Indonesia
- Vietnam
- India



TOTO enjoys a consistent position across markets, and differentiates from competitors by being the leader in innovation.

TOTO has maintained a consistent position as it has moved into the new markets. Targeting the high-end, “global” market segment, the company emphasizes innovation and sustainability consistently in all of these markets. The newest toilet added to its product line, the Neorest, can cost up to \$5,900 in the United States and has been called the world’s most expensive toilet.⁵⁶

In the United States, the company has taken specific steps to project an innovative, green position. To maintain this green reputation, TOTO continues to sell green products and actively participates in the United States Green Build Council. The company has built ties with local communities in Atlanta, where TOTO USA is headquartered, and in the company’s manufacturing plant in Morrow, Georgia. The plant has many innovative sustainable components. The water used at the plant is cleaned before being returned to the county.

TOTO has also attempted to remove American consumer resistance to its innovations, especially the Washlet. In 2007, the company started a promotional campaign to encourage Washlet usage. The company used a comparison to dirty dishes at the core of the campaign. It asked the question “Would you use toilet paper to clean dishes?” The company placed a billboard in Times Square in New York with six naked buttocks and the phrase “Clean is happy. No ifs, ands, or . . .” blocking the more potentially scandalous part of the image.

The company’s marketing team realizes that one promotional campaign will not be enough to remove the taboo surrounding its products and use of the Washlet. Instead, a long-term view has been taken.

The Washlet faced the same resistance in Japan when TOTO first introduced the product in the early 1980s. TOTO used a similar promotional message “*Oshiri datte arattehoshii*” (Even buttocks want to be cleaned) to promote the product when it was introduced in Japan. Critics respond that the concern is not the taboo, it is the time involved. Americans are not as technology oriented as the Japanese and focus more on convenience. The Washlet may seem interesting, but consumers in the United States may settle for the convenience and speed of toilet paper.⁵⁷

Regardless of initial success or struggles in the American market, TOTO continues to be positioned as the global leader in toilet technology. This positioning, across all markets, differentiates the company globally, and provides the foundation for future success.

1. Discuss the challenges TOTO might encounter when seeking to maintain a consistent position globally.
2. How might regulatory activities affect TOTO as it enters markets?
3. Create a positioning map for the TOTO using the attributes green and price.
4. TOTO targets high-end consumers in their markets. What are some other potential segmenting factors for the company’s target market?
5. It is possible that competitors may follow TOTO’s lead by focusing on innovation and green products. What will need to happen before TOTO should consider repositioning? What is a potential attribute that the company could emphasize if repositioning? Would share of mind and share of heart become part of this analysis in some way? Why or why not?

