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Are Norwegian companies good at brand positioning?

An analysis of formal positioning statements and their effects on profitability

Master's thesis in Master i økonomi og administrasjon/
Siviløkonom

Supervisor: Magne Supphellen

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Preface

This paper has been written in the spring of 2019 and represents the final piece of my master's degree in Economics and Business Administration at NTNU. My major is marketing, and I thought positioning was an interesting and important field of study.

In this paper I have examined how Norwegian businesses define and describe their desired positioning, as well as what principles they use and how it all relates to profitability.

I would like to thank my supervisor Mange Supphellen for constructive discussions, email exchanges and numerous phone calls throughout the project. He has been an engaging and supportive supervisor and he has made this paper a challenging learning experience. A special thanks to Nhat Quang Le for his invaluable help with the statistical calculations and expert advice.

The author takes full responsibility for the contents of this paper. All expenses incurred are covered by the author.

Abstract

The paper is based on the theoretical framework of consumer-based brand equity put forward by Keller. He discusses the foundation of modern marketing and branding and brings up certain important elements all marketers should include in their positioning of their brand. These elements are points of difference, points of parity, category membership, target market, reasons to believe and strategic resources.

In this paper I examine how Norwegian businesses define and describe their desired positioning, particularly in relation to the six elements mentioned above. I also look at the principles the marketers use to define their positioning together with their reported level of knowledge of these principles. These principles are the most common and most used principles for positioning in branding today. The current theory was then used as a reference for comparison between theory and practice. Lastly, all the factors were seen in relation to brand profitability and brand strength. In this paper brand profitability was the only relevant dependent variable.

Many of the positioning statements gathered in this study are very short. Some contain little information and often only report a desired future situation for the company. None of the respondents included all six of the elements, and as many as 12 included none of them. The most common element was points of differentiation. Differentiation seemed to be the focus of most of the companies. Hence they mostly focused on being different from the competition.

The results show that consumer-oriented companies are more likely to score higher on positioning proficiency. In other words, they include more of the six elements mentioned above. An important finding is that the companies that scored higher on the position proficiency elements, points of differentiation and reasons to believe are therefore shown to be more profitable in this study.

Sammendrag

Denne artikkelen er basert på det teoretiske rammeverket «consumer-based brand equity» som presentert av Keller. Han diskuterer grunnlaget for moderne markedsføring, merkevarebygging og viktige elementer alle markedsførere burde inkludere i sin ønskede posisjonering av deres merke. Disse er differensieringsfaktorer, paritetsfaktorer, kategorimedlemskap, målgruppe, grunner til å tro og strategiske ressurser.

I denne artikkelen undersøker jeg hvordan norske bedrifter definerer og beskriver sin ønskede posisjonering, spesielt med tanke på de seks elementene nevnt ovenfor. Jeg ser også på hvilke prinsipper de bruker for å definere posisjoneringen sammen med deres selv-rapporterte kunnskapsnivå rundt disse prinsippene. Disse prinsippene er de mest brukt innenfor merkevarebygging i dag. Hvordan praktikerne faktisk jobbet med posisjonering ble så sammenlignet med den rådende teorien på området. Til slutt ble alle disse faktorene sett i forhold til profitabilitet og merkestyrke. Her ble profitabilitet eneste relevante avhengige variabel.

Mange av de posisjoneringene som er samlet in i denne studien er svært korte. Noen inneholder lite informasjon og ofte rapporterer de en ønsket fremtidige situasjon. Ingen av respondentene inkluderte alle sek elementene, og så mange som 12 inkluderte ingen elementer. The mest brukte elementer var differensieringsfaktorer. Differensiering ser ut som om det er hovedfokuset til de fleste av selskapene. Altså hvordan de skal skille seg ut.

Resultatene viser at kundeorienterte bedrifter har større sannsynlighet for å inkludere flere elementer fra «positioning proficiency» indeksen. Det betyr at disse bedriftene sannsynligvis inkluderer flere av disse elementene i sin posisjonering. Et viktig funn er at de selskapene som skåret høyt på elementene differensieringsfaktorer og «grunner til å tro» viste seg å være mer profitable.

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1. Introduction

In this paper I will try to discover how Norwegian companies perform branding positioning in practice in order to increase the value of their brand and company. In order to do this, it is important to understand the theoretical underpinnings of the marketing field with particular focus on branding. Branding and positioning are vital tools to be able to reach consumers. It is important to target one's communication to peak consumers' interest and meet their needs in a way other brands do not. This is challenging in a differentiated and complicated marketplace. Therefore, uncovering which parts of the branding and positioning theory are used in practice could be very helpful.

To uncover and analyze what methods and principles practitioners in this field use can help researchers improve their models and advise. It is necessary to understand that practitioners do not only focus on marketing. They have lots of other things to do, like running their day-to-day business. Hopefully my discoveries can help focus future research towards more efficient methods and models.

Branding or brand management is the process in which a company manages its brand to create the most value. So, to understand how branding works and what a good position is, one should be able to build, measure and manage branding.

Most research is based around the concept of customer-based brand equity. This concept approaches brand equity from the perspective of the customer, i.e. creating products and services that is based on the understanding of the customers' needs and wants. The equity of the brand exists only in the mind of the consumer. CBBE is based around the traditional view of marketing by segmenting, targeting and positioning.

Mizik & Jacobson talk about the importance of differentiation in an ever more commoditized marketplace. With products that are more similar than ever, and with very small differences in prices, differentiation is an increasingly important factor for generating sales (Mizik & Jacobson, 2009). Kotler and Keller define brand position as "act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' minds". A good position defines what goals it helps the consumer achieve, and it shows how this brand does that in a unique way. Positioning done right guides the marketing strategy so that it should be believable in the present and give the brand something to grow into in the future.

The strategy is to convince the customer to buy now and continue to do so into the future. To retain old customers and acquire new ones are vital for growth and future earnings.

Mizik & Jacobson assert that including different marketing metrics in their valuation model increase the predictive power of the model by 16%, compared to predictions based on accounting variables only. Marketing has a substantial impact on the value of a company.

Mizik & Jacobsen use the updated Young & Rubicam Brand Asset Valuator model (Y&B BAV) to evaluate different aspects of central brand attributes. This is important to marketing managers because of the difficulty to connect investments and changes in marketing strategy to changes in earnings and sales. Which ultimately it affects profits. The model applies different attributes, which they have determined to be the most important across industries. The system demonstrates how brand attributes affect stock price, which in turn creates value for the business and for the investor.

An important observation of the value of differentiation, is that it does not affect stock price in the same period as the attribute itself changes. There is a delayed effect not instantly shown in the stock market pricing or stock returns. The advantage of good differentiation is hard to detect and quantify (Mizik & Jacobsen, 2008).

A brand is one of a company's most valuable intangible assets (Keller, 2013). It is therefore extremely important that these assets are being managed properly. Again, the goal is to create the strongest brands possible and get the most value out of them. A strong brand demands a profound understanding of one's customer. It requires strong management ability and the ability to measure progress. Well-executed brand management has many advantages for a company. A strong brand increases the value of the company and makes marketing easier and more efficient (Keller, 1993).

The increased value of intangible assets comes from a range of advantages created by the brand.

If we can convince the customer that we can resolve his or her need, we create demand for our product. Branding helps this process by identifying which company produces a particular product or service that the consumer wants. Strong branding should make it possible for the consumer to engage in repeat purchase, creating loyalty (Keller, 2013). This loyalty is based on both attitudes by getting them to like and prefer the brand and product, and behavior by creating a habit of buying the brand.

Brands help set expectations for the customer towards a particular product and help reduce customers' risk (Keller, 2013). This simplifies the customers' selection process because they always know what they are going to get from this brand. If the company can deliver on their promises, customers are more likely to continue to buy. So, to understand how this works, we must recognize that consumers select brands and products based on rational reasons like price, quality and performance. But customers also make their choice for emotional reasons like, how the brand makes them feel, how they want to be perceived by others, what the brand represents to them and so on (Keller, 2013).

Loyal consumers are less vulnerable to competitors' marketing and advertising (Keller, 2013). Many strong brands are therefore able to extract higher margins from bigger customer groups, which in turn has a direct and great impact on the bottom line for companies. Higher margins directly create shareholder value and can be measured when compared to non-branded products in the same category.

Strong brands and loyal customers make other aspects of marketing easier as well. It gives the company advantages when working with suppliers and retailers (Keller, 2013). A strong brand which is a "must have" in a category generates more support from suppliers and retailers. Chances are that it will be easier to sell the product. Both your push and pull marketing will be strengthened in the process.

An established brand can also make the introduction of new products easier. It is easier to sell a brand extension of something already in the consumer's mind, than it is to sell something completely new in the market. If the brand extension makes sense in the mind of the consumer and is in line with existing associations of the brand, there is a good possibility that the consumer will buy the new product.

Strong brands do not only help with sales and market share, but also have an impact on your current and future employees. Employees who work for a brand they can strongly identify with are more motivated in their jobs. These types of brands also help recruiting new workers wanting to join the company (Kim, et al., 2011) (Du Preez & Bendixen, 2015). Retaining and recruiting new talent to a company is vital for future growth and innovation.

But not everyone agrees with current branding theory, especially regarding positioning. Byron Sharp argues the importance of distinctiveness and salience to generate sales and market share. These two features help get the communication of the brand through without danger of confusion. It minimizes the risk that the customer will not find the brand in the purchase situation. (Sharp, 2017).

The question is; do businesses really work after the traditional model of segmenting, targeting and positioning, or do the successful brands really work towards clear messages communicated by making their brand distinct to facilitate communication?

In this paper I will try to discover how companies really create their positioning, and if their efforts match the theories to some extent. I have created four research questions to be answered in this paper.

1.2 Research questions:

RQ 1: How do Norwegian companies define or describe their brand positioning?

RQ2: Which principles do they apply when defining the brand positioning?

RQ3: To what extent are definitions and principles (RQ1 and RQ2) consistent with current theory on brand positioning?

RQ4: How is brand positioning proficiency related to profitability?

2. Theory

2.1 Consumer-based brand equity

Keller defines Consumer based brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller, 1993). He is interested in the effect that our prior brand knowledge has on our perception of a company’s marketing mix, compared with the marketing mix of some unknown or unbranded competitor. I will therefore explain Keller’s framework of consumer-based brand equity, and why some researchers do not agree.

Brand Knowledge is used by Keller to mean the sum of two components, brand awareness and brand image.

2.1.1 Brand awareness

Brand awareness relates to the ability of the consumer to remember a particular brand under different conditions. It is based on the premise that our memory structure can be described as a form of associative model with a network of nodes and links (Wyer Jr & Srull, 1989). The assumption is that the nodes are different concepts in our memory. The properties of these concepts are described as links between the nodes.

The spreading activation theory explains how the strength of the links between the nodes determines which nodes are activated and therefore recalled from memory. An example of this is shown in Figure 1 based on the activation of the node/concept of Red (Collins & Loftus, 1975). The shorter links are the stronger ones. The longer ones are weaker, but with some indirect links.

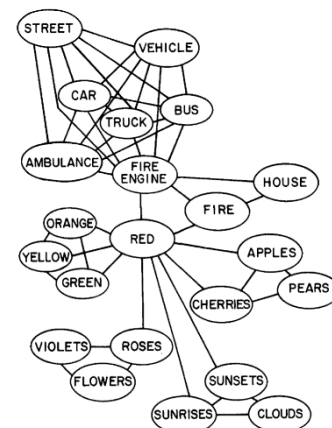


FIGURE 1. A schematic representation of concept relatedness in a stereotypical fragment of human memory (where a shorter line represents greater relatedness).

Figure 1: Nodes in memory (Collins & Loftus, 1975)

This memory structure creates the bases for brand awareness. The stronger the links and the nodes are connected to the brand, the easier it is for the consumer to remember the brand under different circumstances. The more nodes and links there are, the faster and more often the brand will be remembered. Brand recognition is a situation where the customer correctly remembers to have seen the brand beforehand when asked. Brand recall is a situation where the consumer is given a category and correctly remembers that the particular brand is part of that category.

Whether brand recall or brand recognition is more decisive depends where the purchase decision is made. If purchase choice is made in the store, brand recall could be more important because the consumer will see the brand and packaging and only needs to correctly identify the brand before buying. If the decision is made “out of store”, recall would be more important because the consumer wants something from a particular category. The customer needs to remember suitable brands for that category to fill their need.

Brand awareness is very crucial according to Keller. It affects consumer’s choice and decision making in various ways. If consumers are more familiar with the brand and remember it in an increasing number of situations, it is more likely that it will be a part of the consideration set. The set of brands from which the consumers makes their choice. Prior knowledge of the brand limits other variables for consideration and makes consumers more satisfied with their purchase (Jacoby, et al., 1977). Familiar brands are more likely to be bought than unfamiliar ones.

2.1.2 Brand image:

Keller defines brand image “as perceptions about a brand as reflected by the brand associations held in consumer memory”. These associations are the various links and other nodes that are connected to the brand node. All these associations together form what Keller calls the brand image. The favorability, strength, and uniqueness of these brand associations are what creates the differential effect of branded marketing over another unbranded competitor. Keller separates associations into three categories; attributes, benefits, and attitudes.

Attributes are descriptive features pertaining to the product itself. It includes the consumer’s thoughts about the product and its use. Keller divides attributes in product related and non-product related attributes. Product related attributes are the physical characteristics of the product, including what the consumer believes these to be. Non-product related attributes are price, product appearance, user imagery and usage imagery. They concern the purchase and consumption of the product or service.

Benefits are the value the product can have for the customer, or it can be what need the consumer thinks the product can fulfill. Benefits are divided into three distinct categories (1) Functional benefits that describes what the product physically does for the customer. (2) Experiential benefits concern the actual use of the product and how that feels to the buyer. (3)

Symbolic benefits relate to the social aspects of consumption like feelings of acceptance, prestige or independence (Keller, 1993).

Attitudes are an overall evaluation that expresses how much we like or dislike something. These evaluations are learned, and usually persist over time (Hoyer & MacInnis, 2010). Attitudes make us behave more consistent towards similar objects (Kotler & Keller, 2012). They help us economize our “thought power”. They can be difficult to change, and it is advantageous to try to use existing attitudes and fit one’s products into these existing attitudes instead of having to create new ones.

Keller, with reference to MacKenzie, says that the consumers favorability of an attribute is directly linked to its importance. Meaning, that attributes that are held to be very good or very bad are usually important to the consumer. Attributes, which are not considered important are often less favorable. It is therefore difficult to create strong favorability towards these attributes (MacKenzie, 1986) (Keller, 1993).

The strength of the brand associations depends on both the quantity and the quality of the evaluated information (Tulving & Craik, 1975). The stronger this information is encoded in memory, the more likely it is to be retrieved later in different situations and by way of different stimuli.

The uniqueness of the association is a vital part of the positioning of a product. The uniqueness is closely tied to the brand’s “unique selling point” which is supposed to get the customer to choose a specific brand. This selling point or positioning could be based on both product or non-product related attributes. These uniquely held beliefs about a brand is vital for its success.

In a product category, most brands will share some association and attributes. The more associations are shared, the more chance there is for confusion. The fact that some brands share associations is not necessarily bad, because it helps a brand establish category membership. Shared associations increase the chance of inclusion in the consideration set when a consumer is buying from a particular category.

In order to create unique associations for a brand, one can argue that this is easier when associations are based on abstract concepts. On the contrary, concrete associations like those of physical product attributes, can easily be changed or copied by a competitor. Abstract

associations are often more durable and accessible in memory because they are more thought about and centrally processed (Keller, 1993).

Cohesiveness in brand building is important when a company wants to build a strong brand with a brand image that the consumer understands. The relevant associations should therefore have some shared meaning. Then the complete image of a brand will be easier to understand and remember.

The point of CBBE is to generate the differential effect mentioned earlier, through the customers brand knowledge and in their response to the marketing mix. A positive response from the consumer can in turn lead to higher revenue, lower costs, and greater profits. A positive brand image is a very valuable asset in creating the responses we want from the marketing mix. In order to get customers attention, it is vital that our image associations are sufficiently unique. Uniqueness can help differentiate away from competition. The goal is to reach the correct customers who value our products' unique associations.

High levels of brand awareness and favorable brand image give many benefits as mentioned earlier. A positive brand image should give a product better margin and make loyal customers less sensitive to price changes (Starr & Rubinson, 1978). Loyal customers are simply more profitable. Simonson & Payne also states that consumers seek and process knowledge from familiar brands first. Customers can be reached with communication from familiar brands much easier than from unfamiliar ones. This is an advantage for familiar brands especially in low involvement, "in-store" situation (Simonson & Payne, 1988).

Managers can influence the consumer-based brand equity in many ways. He or she can improve the brand awareness by improving recall or recognition, or by improve the brands "strong, favorable and unique brand image". A marketer should clearly define the memory structure they want to create in the mind of the consumer (Keller, 1993). These associations should be clear, suitable and limited to a few ideas, to avoid making the image diffuse or unclear.

Marketers must clearly communicate to their customers what business they are in. A brand must convince the buyer that it can deliver on the important reasons for wanting a product from a specific category. The clue is to clearly communicate what the product is and what it can do for the customer. A clear message places the product in the mind of the consumer when shopping for a certain category. The marketer must convincingly communicate that the

product has certain points-of-parity factors that the consumer considers good enough to include the product in their evaluation set (Keller, 2013).

Keller says the three ways of communicating category membership are category benefits, “relating them to exemplars” and product descriptors.

Category benefits is about presenting the products’ attributes and imagery, which places it in a category without trying to out-compete the competition. The point is to show the product in use in appropriate situations. The use of exemplars is easy and straightforward. The marketer can link a brand to other brands in the specific category to establish membership, the message is that the brands are in many ways similar and therefore have many of the same qualities. Product descriptors are short descriptions conveying category membership, usually in the brand name, like the Apple iPhone. It has the word phone in the name, making it easy to categorize.

Having clear points-of-parity does not only place the product in a category, but also helps to define who the competitors are. Points-of-parity are necessary but not sufficient to create good positioning. The brand needs to raise awareness and brand knowledge of their prospective customers. If the customer does not know the brand exists, there is little chance that customers will choose that brand.

When a brand scores high on awareness and brand knowledge among consumers, the need arises to convince the consumer why he should buy that particular brand. Strong differentiation, which is appealing to the customer, is supposed to do this. Choosing the right associations and criteria to differentiate a product is therefore vital to create equity for the brand. Keller has three criteria for good points-of-differentiation (Keller, 2013).

1. The target market must find the brand desirable, personally relevant and important. To achieve this, we need to discover what the target market thinks is important. Because these are easier to generate strong positive attitudes towards, than those not perceived as important.
2. The company must be able to deliver what it promise, and the consumer must believe that the company can actually deliver on that promise.
3. Use differentiation criteria that are pre-emptive, defensible and difficult to attack.

Keller states that there are three types of differentiation (Keller, et al., 2002). Considering the criteria listed above, he lists; brand performance associations, brand imagery associations and

consumer insight associations as the possible options. Choosing a brand performance differentiation entails using the product's ability to meet the customers' needs to separate it from competition. It does not necessarily have to be a real difference, as long as the consumer thinks there are product attributes that are superior to other products.

Consumer insight associations could be used when the consumer can easily compare the attributes of different products. These associations would be based on consumer experience and can be placed in the mind of the consumer by communicating who would use such a product, and when. The last type Keller refers to is consumer insight, which is about a brand's ability to understand what the consumer wants and desires. The brand can then target those wants and meet them in a way the consumer likes. An example is to gain the approval of peers. If the brand can make the user "cool" in their peers' eyes, and that is what the consumer wants, then this differentiates the product. The problem with this type of differentiation is that what is cool always changes and can relatively easily be copied by other brands.

All types of differentiation should be based on existing and believable parts of the actual association network and must include important determinants of choice. Even though these are good strategies and advice for doing differentiation, there are no true definition of what differentiation really is. Keller defines what differentiation is through the lens of associative network theory. He uses the associative network model to show the different types of differentiation possible.

The points of differentiation a company chooses are often defined as benefits for the consumer. In order for these benefits to be believable, one should include one or more reasons to believe (Keller, 2013). Keller gives several options in which these "reasons to believe" can be defined. The reason can be of a functional nature, like Gillett's 5 blade razor. Gillett advocates the benefits of the most comfortable and close shave. It can also be a key attribute like the lower price of a Skoda, a car which gives great value for money. Gilde which is a Norwegian meat producer, promotes what is called a Key ingredient. They only use red meat produced in Norway, creating the benefit of safe and humane food production. Key endorsements are another differentiation strategy used by Colgate. Colgate claims that 9 out of 10 dentists recommend Colgate toothpaste. Strong reasons to believe can increase how trustworthy a company's differentiation tactic is.

The different types of differentiation proposed can be used to better understand how differentiation works, and the best way to use existing associations. To do this there are many strategic and tactical options open to the marketing manager. The use of different tactics should be integrated into a marketing program designed to place the selected brand associations in the memory structures of the consumers. A marketer should always have one foot in the present, and one in the future. Marketing tactics used today will affect possibilities in the future. The use of huge and frequent price promotions now, can affect buying patterns of consumers in the future. To keep control over the process and ensure that the marketing department is not pushing associations inconsistent with the current memory structures a consumer might have. They should measure and monitor their brand equity closely. The tracking of competitors is also important to help determine the uniqueness of our associations and that of competing brands.

2.2 An alternative perspective

Not all marketing academics think along the same lines. In recent years some researchers have shifted their focus towards a simpler approach to branding. They focus on a strict empirically guided form of marketing, which challenges many of the assumptions made by marketers today.

Byron sharp differs in his view as to whether brand differentiation is all-important. In his book “How brands grow”, he focuses on the importance of distinctiveness and salience to generate sales and market share. These factors help the communication of the brand through without danger of confusion. It minimizes the risk that the customer might not find the brand in a purchase situation (Sharp, 2017).

Sharp argues that brands in the same category often are holding equivalent positions in the market, and that almost all brands in the market compete relatively closely. He has discovered that most brands in most categories compete and share customers with the category leader and with each other. Sharp holds that no brand in most categories has been able to differentiate themselves away from competition. If someone could clearly differentiate a brand, we should see strong partitioning of markets with some brands competing more than others. Sharp does not see it. He argues that most brands do not want to differentiate themselves too much in fear of alienating certain customer groups. He does not advocate removing differentiation from the marketer’s toolbox, but recommends to move focus from brand-level to category-level

attributes. Physical and mental availability are the important factors in getting consumers to choose a brand according to Sharp.

Mental availability or brand salience is here used to mean the memory structure in buyers' memories. Sharp bases his understanding of memory structures on the same principals as Keller. Sharp emphasizes the importance of these networks' extensiveness and refresh rate to increase a brands' chance of being noticed. Both the quality and quantity of these memory links are important.

By physical availability, he means readily available. Not available in the sense that the customer can seek out a website open twenty-four hour a day. He argues that a considerable part of consumers' purchases happens because of physical availability. Consumers usually buy one of the items that is in front of them. They do not go to another store for most purchases just because the store did not have their "usual" brand.

Distinctiveness is the fundamental purpose of branding. It is supposed to identify the source of a product or service. Branding should therefore be used to distinguish between brands, not differentiate. A brand can achieve distinction through clever use of colors, logos, taglines, symbols, celebrities and advertising styles. All these elements, when correctly associated with the brand help refresh the memory of consumers and makes it easier for them to identify a given brand. The recognition of a valued brand reduces the need for consumers to think. It helps them sift through the vast information overload they are exposed to every day.

2.3 Company orientations

A company's orientation can impact both the way a company thinks about and practices their marketing. It determines how much focus the company has towards its customers. It also says something about the company culture. One should expect differences between companies with widely different orientations. The types of orientations discussed in this paper is market, technical and entrepreneurial orientation.

Market orientation is a learning construct (Baker & Sinkula, 2009). It refers to the extent of how a company's strategic planning is driven by consumer insight and competitor knowledge. Market orientation is vital when the firm wants to establish a sustainable competitive advantage (Baker & Sinkula, 2002). The organization should therefore improve their gathering, use and distribution of market information throughout their whole organization. Market oriented organizations must have a clear external focus.

Several studies have shown a connection between market orientation and company performance using judgmental assessments (Jaworski & Kohli, 1993). Market orientation also fosters commitment to the organization from the employees. The findings of Jaworski and Kohli have been confirmed by Shoham et.al. in their meta-study on market orientation and its effects (Shoham, et al., 2005).

Gatignon & Xuereb define technical orientation as

“a firm with the ability and will to acquire a substantial technological background and use it in the development of new products”.

This type of orientation focuses on the mindset that the consumer prefers technologically superior products and services. The use of technology is vital for developing the best products to meet present and future needs of consumers (Gatignon & Xuereb, 1997). The company tries to create lasting competitive advantages through R&D, acquisition of new technology and new applications of existing technology (Halac, 2015).

Technical orientation is separated into four dimensions. These four dimensions are top management capability, technological capability, commitment to learning and commitment to change (Halac, 2015).

Miller as summarized by Rauch et.al. simplifies the dimensions of entrepreneurial orientations into three important factors. These are innovativeness, risk taking, and proactiveness. Innovativeness is a firm's predisposition to experiment and be creative with new product introductions as well as the use of R&D in new projects. Risk-taking is the willingness to chart uncharted territory and go for investments with uncertain futures. Proactiveness is their ability to look to the future and be ahead of competition when introducing new products and services.

3. Method

In order to test the research questions postulated in this paper, I have used a short questionnaire to gather information on how Norwegian businesses determine their desired brand positioning. I could not find any prior research on how positioning is done in practice in Norway, and therefore no prior developed scales or questionnaires. I used a combination of rating scales and open questions. Short answer questions are used since defining something is difficult with multiple-choice questions. The answers are thus coded and then seen in relation to relevant background variables. The short answer questions are used to give the respondents the ability to define their own positioning. In this way I could determine if they use principals presented in literature or not. Respondents needed for this survey should preferably work in or be involved in a company's marketing. They did not necessarily have to work in a marketing department. I realize that not all companies have a dedicated marketing department, especially in not smaller businesses. As for the smaller businesses, it would be just as interesting to talk to the CEO, to determine positioning.

3.1 Data sample

In this survey, there are no limits on industry affiliation. Both firms that work in business-to-business or business-to-consumer markets are included. I have chosen to do it this way to get as large a sample as possible, and to determine what principals most Norwegian business seem to use. I have used a combination of two different methods for information gathering. The first is that the questionnaire was sent out by way of a convenience method (snowballing), i.e. some recipients were asked to forward it to other marketing practitioners that fitted the description for this survey. They were told that the survey should be sent to people with a brand or marketing responsibility in a company. In smaller businesses where no such dedicated function existed, the CEO could answer. The second method was that the survey was sent out through a marketing organization called ANFO (Annonserforeningen) to its members via email. The method of selection is a strategic selection method (Johannessen, et al., 2011), based on their position in a company. The data sample is therefore non-random.

In order to separate the different respondents in this survey, I have chosen to use their organizational orientation. I did so because different orientations are supposed to separate how organizations work and approach the marketplace. The different orientations could be an important factor when it comes to principles used and how much an organization is focusing

on positioning. In addition, an organization, which focuses on positioning, would use methods closely resembling those in the literature and “best practice”.

3.2 Measures and open questions

3.2.1 RQ 1

Question 1 through 5 was put in the survey to answer research question 1 and 3. I wanted to discover how they define and describe their positioning, and to compare the answers to current theory.

3.2.2 Q1,Q2

1. Hva er den viktigste merkevaren i din bedrift? Hva er navnet på denne merkevaren?

Figure 2: Q1

2. Er dette navnet på et produkt, en tjeneste, eller navnet på bedriften?

- Produkt
- Tjeneste
- Bedriften
- En kombinasjon

Figure 3: Q2

The first two questions in the survey are used to determine what product or service the respondent is positioning. They were asked to name their most important brand. The questions were chosen to see if there are differences between companies positioning ability in regard to whether their main brand were a product, service, company name or a combination of the three.

3.2.2 Q3

3. Mange bedrifter har definert en ønsket posisjonering for merkevaren sin. Dette vil være en beskrivelse av ønsket oppfatning av merkevaren i markedet. Har dere i din bedrift definert en ønsket posisjonering for merkevaren du nevnte ovenfor?

- Nei
- Ja

Figure 4: Q3

In question 3 the respondents were asked if they had defined a desired positioning for the product, service or company. The question was asked to determine if the respondent had a conscientious attitude towards their positioning. My purpose was to discover if the respondent had worked on and constructed a desired positioning, or if they have a more ad-hoc approach where they report what they perceive as their position in the market today.

3.2.3 Q4

4. Beskriv ønsket posisjonering for deres merkevare:

Figure 5: Q4

Question 4 is meant to describe their desired positioning. This question was only posed to those who answered yes (ja) to question 3. It is difficult and cumbersome to describe positioning with multiple-choice questions. I found it suitable to pose the question as an open-ended question where they had to define their own desired positioning. In situations where it is difficult to determine all relevant alternatives, it is appropriate to use open-ended questions where the respondents must define the answer themselves (Schuman & Presser, 1996).

3.2.4 Q5

5. Hva er hovedbegrunnelsen for denne posisjoneringen - hvorfor ble den valgt?

Figure 6: Q5

Question 5 asks why the company chose their specific positioning. As with the previous question, it is difficult to come up with relevant alternatives that give meaning and embodies the full intent of the company. Therefore, this question is also an open-ended question.

3.2.5 RQ2

Question 6 and 7 were crafted to answer research question 2. They concern which principles the companies use to define their desired positioning. These questions also help answer research question 3. It included to determine to what extent the principles and definitions they use are consistent with current theory.

3.2.6 Q6

6. Det finnes flere perspektiver eller måter å tenke på når man skal definere ønsket posisjonering for en merkevare, og flere navn på selve posisjoneringen. Hvilke av disse begrepene brukes om posisjoneringen for din merkevare? Det er lov å sette flere kryss.

- Verdiløfte
- Unikt verdiløfte
- Verdiforslag
- Unikt verdiforslag
- Merkeløfte
- Merkeposisjonering
- Brand Positioning Statement (BPS)
- Unique Selling Proposition (USP)
- Vet ikke

Figure 7: Q6

Question 6 was about the theoretical background for their positioning. To avoid the questionnaire being too long and comprehensive, I chose to list some of the most well-known principals of positioning and marketing. The respondents could choose more than one alternative, if they thought their position was based on more than one perspective.

3.2.7 Q7

7. Hvor godt kjenner du de ulike begrepene og tenkningen bak?

	Kjenner ikke (1)	(2)	(3)	Hverken eller (4)	(5)	(6)	Kjenner godt (7)
Verdiløfte	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unikt verdiløfte	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Verdiforslag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unikt verdiforslag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Merkeløfte	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Merkeposisjonering	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand Positioning Statement (BPS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unique Selling Proposition (USP)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Figure 8: Q7

Question 7 relates to question 6 as the respondents were asked how well they knew each of the concepts listed in question 6. The question was phrased in this way to see if the respondent really knew the concept they chose earlier, and if they were familiar with many of the concepts in general. The answers could then be compared with their written positioning and compared to the framework chosen. The alternatives were ordered, meaning they were listed as 1 “don’t know” (kjenner ikke) to 7 “know well” (kjenner godt). All questions in the survey that are ordered, use the same scale, to make it easier to compare the different answers.

3.2.8 Q8

8. Hvilken type hovedmålgruppe gjelder for denne merkevaren – forbruker, bedrifter eller begge?

Forbruker

Bedrifter

Begge

Figure 9: Q8

This question is about the target market for the product, service or company. Whether they focus on business-to-business, business-to-consumer or both. The question is chosen because it can help shed light on possible differences between companies targeting different groups.

3.2.9 RQ 4

Question 9 and 10 were used to answer research question 4. Question 9 created the dependent variable profitability in the ANOVA analysis. Question 10 determines company orientation and makes it possible to see differences in positioning across businesses with different orientation.

3.2.10 Q9

9. Hvor godt passer beskrivelsene på din bedrift/merkevare

	Helt uenig (1)	(2)	(3)	Hverken eller (4)	(5)	(6)	Helt enig (7)
Kundene har stor tillit til vår merkevare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vår merkevare har en sterk posisjon i markedet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lønnsomheten for vårt merke har vært høy de siste årene	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lønnsomheten for vårt merke er høyere enn konkurrentenes merker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Figure 10: Q9

It is difficult to gather financial information on all these companies and I suspect many would be reluctant to give out such information. I therefore chosen to ask them about their brands perceived level of trust, market position, brand profits, and relative brand profits compared to competitors. These subjective measures are also used because objective records may be aggregated in such a way that it could be hard to make them usable for this paper (Wall, et al., 2004). Since some of the brands are company brands and some are product or service brands it would be difficult to use performance reports or financial reports to get an accurate measure of brand strength or brand profitability. Wall et.al suggest that subjective measures are highly relevant when the comparison is between competitors, and directed towards the higher echelons of a company. CEOs and other directors usually follow objective measures of company performance closely (Wall, et al., 2004) which make this type of measurements valid.

3.2.11 Q10

10. Hvor godt passer beskrivelsene nedenfor på din bedrift?

	Svært uenig (1)	2	3	Hverken eller (4)	5	6	Svært enig (7)
Vi undersøker stadig om kundene er tilfredse	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vår strategi er basert på kundeforståelse	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vi er mer kundefokuserte enn våre konkurrenter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vi har et sterk fokus på teknologi i vår bedrift	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vår strategi handler om å være i forkant teknologisk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vi er mer teknisk fokuserte enn våre konkurrenter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vi forsøker å ligge i forkant av konkurrentene med nye løsninger	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Viljen er stor til å sette i gang nye prosjekter med høy risiko	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vi er mer opptatte av innovasjon og utvikling enn våre konkurrenter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Figure 11: Q10

These questions test the company's orientation. Whether they have a marked, technical or entrepreneurial orientation.

I chose to use a limited version of the MORTN-scale (Deshpande & Farley, 1998) in order to measure a company's market orientation. This scale is derived from the MARKOR (Kohli, et al., 1993), MAKTOR (Narver & Slater, 1990), and customer orientation scale of (Deshpande, et al., 1993). The MORTN-scale consists of 10 statements regarding the market orientation of a company on a scale of one to five (1=strongly disagree to 5=strongly agree). I dropped some of the questions from the MORTN scale to avoid a very long questionnaire and make it fit the scope of this paper. Furthermore, I chose to use a 1 to 7 scale to make the questions fit with the rest of the survey.

Technical orientation has traditionally been measured by one variable, such as R&D or other manufacturing variables (Halac, 2015). Halac has proposed a multidimensional measure of the orientation including several more dimensions. His scale is derived from the earlier work of Gatignon & Xuereb. A short version of this scale is used here, to fit the size and needs of this paper.

There are several scales for measuring entrepreneurial orientation. These are discussed in an article by Covin and Wales, where four of these scales are presented. They all measure entrepreneurial orientations as a slightly different phenomena, but they still include the three main dimensions. In this context, I have chosen to use one question from each dimension to fit the scale and purpose of this paper. The responses should be enough to give an indication of the level of entrepreneurial orientation in the organization of the respondent.

3.2.12 Q11, Q12, Q13, Q14, Q15

11. Kjønn?

- Mann
- Kvinne
- Annet

Figure 12: Q11

12. Alder?

Figure 13: Q12

13. Hvor mange år er det siden bedriften ble etablert?

Figure 14: Q13

14. Hva er ditt høyeste fullførte utdanningsnivå?

- Videregående skole
- Bachelor
- Master
- Phd

Figure 15: Q14

15. Antall ansatte i bedriften?

Figure 16: Q15

These questions are background variables, which makes it possible to describe and separate the different respondents and their companies.

3.2.13 Q16

16. Hvilken næring er din bedrift i?

- Jordbruk, skogbruk og fiske
- Bergverksdrift og utvinning
- Industri
- Elektrisitets-, gass-, damp- og varmtvannsforsyning
- Vannforsyning, avløps- og renovasjonsvirksomhet
- Bygge- og anleggsvirksomhet
- Varehandel / reparasjon av motorvogner
- Transport og lagring
- Overnattings- og serveringsvirksomhet
- Informasjon og kommunikasjon
- Finansierings- og forsikringsvirksomhet
- Omsetning og drift av fast eiendom
- Faglig, vitenskapelig og teknisk tjenesteyting
- Forretningsmessig tjenesteyting
- Offentlig administrasjon og forsvar, og trygdeordninger underlagt offentlig forvaltning
- Undervisning
- Helse- og sosialtjenester
- Kulturell virksomhet, underholdning og fritidsaktiviteter
- Annen tjenesteyting
- Lønnet arbeid i private husholdninger
- Internasjonale organisasjoner og organer

Figure 17: Q16

The last question is based on Statistics Norway's (Statistisk sentralbyrå) separation of industries. The question was put to see if there are differences in positioning proficiency among the various industries in Norway.

3.3 Method of analysis

The written answers to question 3 and 4 are analyzed together to discover if they contain any of the 6 elements common in the literature on strong positioning. These elements are points of differentiation, points of parity, category membership, target market, reasons to believe and strategic resources. I went through each of the positionings to see which elements were included. To increase the reliability of the analysis it has also been performed by a second person, with whom I compared results. A similar pattern of results was obtained in both analyses, giving the results a strong overlap of 84%. The diverging results were then discussed and agreed upon afterwards.

The results from the analysis and the rest of the questionnaire were run through a path analysis in order to find relevant variables.

4. Results

The number of responses received was 66. Ten of these respondents answered that they did not have a desired positioning for their brand. This was quite surprising. It is interesting, however, that the age of the companies, size and reported knowledge about marketing varied so much. I found no clear common denominator for this group, except their lack of a desired positioning. Some companies were young, less than two years. Others were well established financial institutions existing in Norway for a long time. I have excluded those who answered no (0) and kept those who answered yes (1). Thus, the remaining sample size is 56. The remaining sample shows that as much as 15.2% of the companies in the survey did not have a desired positioning.

4.1 Sample characteristics

The table below is the descriptive analysis of the estimated sample.

Gender	Male	35	64%
	Female	20	36%
Type of brand	Consumer	7	12%
	Corporate	18	33%
	Both	30	55%
Variable	Mean	Median	Min/max
Age of managers	46.11	49.00	25/65
Age of company	74.11	62.00	1/360
Number of employees	3082	400	1/30000

Table 1: Descriptive statistics of sample

	High School	Bachelor	Masters	PhD.
Number of educated managers	5	20	29	2

Table 2: Education level of managers

In Table 1 we can see the distribution in the age of the managers, age of the company and number of employees. There is considerable variation in many of the variables even with such a small sample

The written answers to question 4 and 5 vary considerably in both length and complexity. Some companies positioning are longer with several sentences including quite a few of the concepts in the proficiency index. Others consist of a single word or very few words with one or none of the elements from the index. Most of the answers, though, consist of two sentences, with one sentence to each question.

From a review of all the answers, it is unclear whether all the respondents understand the concept of positioning according to literature. Some managers seem to conflict their company values with their brands positioning. When asked about their desired positioning, some listed what looks like the company's values instead. One company listed the following statement as their desired positioning;

“Confident, stable, safe, sustainable and up-to-date.”

(Manager at a large Norwegian pension company)

This statement leaves a lot to be desired in way of proper positioning. Regarding the next question - why they chose that particular positioning - the same company answered, “future markets”. Their answer is at best incomplete and gives no further information on their desired positioning.

Some other companies made short statements to the effect of “market leader” or “lowest price”. These statements are not coming close to an actual positioning according to Keller. The same problems appear when looking at their answer to why they chose their desired positioning. Most answers were short sentences with little information. Even some of the longer answers did not include more of the positioning index elements. Thus, the longer answers are not necessarily better or closer to proper positioning as proposed by Keller. An example; “That is our work and therefore want to be the best at it”. The response is from a company describing their choice of positioning. Such an answer gives little or no additional information regarding their desired positioning. Not all the companies reported such weak positionings. One company had the following desired position;

“In order to meet the trend-conscious and knowledgeable renovation customer, (company name) should offer a perfect blend of expert knowledge and aesthetic expertise. The customer should be inspired and better informed than they would be at a conventional construction store, so that they achieve the dream of their perfect home”.

The statement includes target market, category membership and differentiation in one long sentence. It does not state any points of parity, but acceptable price seems like a natural point of parity for this company, even though price is not reported.

4.2 Positioning proficiency

The term positioning proficiency is here used to mean the number of elements included in a company’s positioning as prescribed by branding theory. A higher proficiency means including more of the elements necessary for a good positioning according to literature. I have created an index for brand positioning proficiency by summing up all the scores on 6 different dimensions. At the end I have summarized the number of companies which include the different elements in their positioning.

Element		Number	%
Points of differentiation	Yes (1)	34	60.7
	No (0)	22	39.3
Points of parity	Yes (1)	5	8.9
	No (0)	51	91.1
Category membership	Yes (1)	29	51.8
	No (0)	27	48.2
Target market	Yes (1)	8	14.3
	No (0)	48	85.7
Reasons to believe	Yes (1)	8	14.3
	No (0)	48	85.7
Strategic resources	Yes (1)	6	10.7
	No (0)	50	89.3

Table 3: Summation of the number of companies including the different elements

No. of elements included by a company	0	1	2	3	4	5
No. of companies	12	13	19	10	1	1

Table 4: How many elements each company included

Quite a lot of companies did not include any positioning elements at all. Some of these answered that they had defined a desired positioning, but did not write anything specific. Some wrote about their desired future situation instead. Such as:

“Wants to be the prime product in the high-end market.”

(Manager in a specialized furniture maker)

“Dominant in the market”

(Manager in a large logistics firm)

I asked all the managers which of the different perspectives were used to determine their positioning. They could select more than one principle. In the table below, you can see the results.

Principle		Number	%
Value promise	Yes (1)	21	38.2
(Verdiløfte)	No (0)	34	61.8
Unique value promise	Yes (1)	9	16.4
(Unikt verdiløfte)	No (0)	46	83.6
Value suggestion	Yes (1)	7	12.7
(Verdiforslag)	No (0)	48	85.7
Brand promise	Yes (1)	18	32.7
(Merkeløfte)	No (0)	37	67.3
Brand positioning	Yes (1)	33	60.0
(Merkeposisjonering)	No (0)	22	40.0
Brand positioning statement	Yes (1)	12	21.8
	No (0)	43	78.2
Unique selling proposition	Yes (1)	12	21.8
	No (0)	43	78.2
Do not know	Yes (1)	3	0.05
Vet ikke	No (0)	52	0.95
N		55	100.0

Table 5: Perspectives

I checked whether consumer orientation (CO), technical orientation (TO) and/or entrepreneurial orientation (EO) affected the use of these different perspectives. In the

statistical models ran, no variables were significant at a 5% level or even at a 10% level. The data collected did not indicate any differences in the use of various principles in regard to a company's orientation.

4.3 Manager knowledge

In question 7 the managers were asked how familiar they were with the different perspectives listed above. The average of all the managers' scores as to how well they knew each perspective is shown below. The chart shows that the most well-known perspective is Brand positioning (merkeposisjonering) with a mean score of 5.833. The principle least known is unique value proposition (unikt verdiforslag) with a mean score of 3.95.

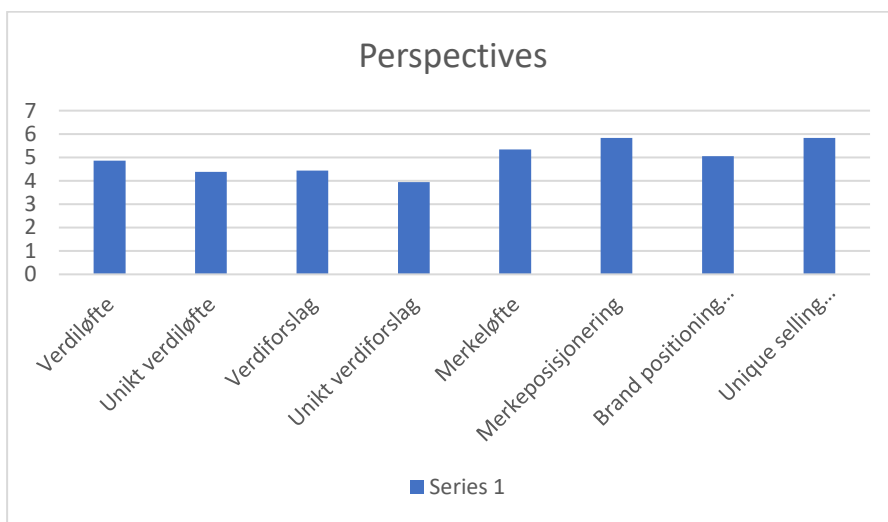


Figure 18: Mean of the self-reported knowledge levels of the various perspectives

I also checked whether CO, TO and EO affected the managers level of knowledge regarding the different perspectives. However, before running the analysis, I checked the reliability of the scales (e.g. for orientation variables) so that I could make a composite score for them. The Cronbach's alpha scores for CO, TO and EO are .79, .84 and .66 respectively, which are all larger than .6. These figures indicate that the scales are reasonably reliable. Consequently, I calculated composite scores for these constructs by averaging the scores from the corresponding items. I ran an ANOVA within subjects to compare mean scores of the three orientations. The resulting model is shown below.

Dependent var.	Independent var.	Estimate	p-value
Value promise (Verdiløfte)	CO	0.473	0.019**
	TO	-0.101	0.639
	EO	-0.160	0.451
Unique value promise (Unikt Verdiløfte)	CO	0.356	0.096*
	TO	-0.013	0.954
	EO	-0.160	0.462
Value suggestion (Verdiforslag)	CO	0.425	0.041**
	TO	-0.118	0.587
	EO	-0.141	0.515
Unique value suggestion (Unikt Verdiforslag)	CO	0.270	0.220
	TO	0.067	0.766
	EO	-0.229	0.292
Brand promise (Merkeløfte)	CO	0.543	0.003**
	TO	0.118	0.552
	EO	-0.218	0.260
Brand positioning (Merkeposisjonering)	CO	0.604	0.000**
	TO	-0.365	0.042**
	EO	0.242	0.183
Brand positioning statement	CO	0.798	0.000**
	TO	-0.132	0.464
	EO	-0.180	0.311
Unique Selling proposition	CO	0.681	0.000**
	TO	-0.352	0.057
	EO	0.072	0.704

Table 6: Knowledge of principles in relation to company orientation (**=significant at 5%, *=significant at 10%)

From the table, we can see that some of the independent variables are significant. Customer-orientation is a significant variable for explaining positive impact on all the dependent variables, except for unique value proposition (unikt verdiforslag) and unique value promise (unikt verdiløfte). The latter is significant at a 10% level. The only other significant variable is the negative impact of technical orientation on brand positioning (merkeposisjonering).

I then tested whether having a consumer brand (vs. corporate brand and other) could have an impact on a company's brand proficiency. As we can see from Table 7, the effect of conBrand (1=consumer brand, 0=otherwise) on brand positioning index is positive and significant at a 5% (estimate =.743, p-value = .025 <.05) level.

Variable	Coefficients	p-value
Intercept	1.3684 (0.1829)	6.77e-10***
Consumer brand	0.7427 (0.3225)	0.0252**
R ²	0.0894	
Number of observations	56	

Table 7: Test whether consumer brands have significantly higher positioning proficiency levels

The R² is indeed low, but given that we only have one explanatory factor that is dichotomous (0 & 1), the low value is understandable and not surprising.

Next, I tested the main model in which the three different orientation strategies (i.e. customer orientation (CO), technological orientation (TO), and entrepreneurial orientation (EO)) are independent variables. The three dimensions in brand positioning (i.e. differentiation, category and reasons to believe) are mediators, and brand profitability indices (both relative and compared to earlier years) are dependent variables.

I did a path analysis to test the main model, using lavaan package version 0.6-3 in R. The table below shows results with standardized estimates. Since there are no latent variables in the analysis, traditional fit indexes are not used. We can use the R² to say that 34% of the variance in the firm's relative profitability is explained by the characteristics of the firm's brand positioning. The same goes for brand profitability and differentiation, which is explained at a rate of 38% and 32%. Category and reason to believe is explained to a lesser extent with an R² at 13% and 17%.

Dependent var.	Independent var.	Estimate	p-value
Relative Brand Profitability	Differentiation	0.368	0.015**
	Category	0.031	0.852
	Reasons	0.266	0.022**
	CO	-0.048	0.843
	TO	0.327	0.155
	EO	0.232	0.280
Brand Profitability	Differentiation	0.157	0.441
	Category	0.078	0.534
	Reasons	0.306	0.123
	CO	0.416	0.030**
	TO	0.096	0.704
	EO	0.066	0.787
Differentiation	CO	0.522	0.006**
	TO	-0.651	0.007**
	EO	0.081	0.712
Category	CO	-0.245	0.346
	TO	0.100	0.656
	EO	0.410	0.083*
Reasons	CO	-0.196	0.543
	TO	-0.421	0.072*
	EO	0.390	0.234

Table 8: Path analysis (**=significant at 5%, *=significant at 10%)

	Variable	%
R ²	Relative brand profitability	33.96
	Brand profitability	37.74
	Differentiation	31.58
	Category	12.88
	Reasons to believe	16.92

Table 9: R² values for the path analysis

In this model we can see that both differentiation (estimate =.368, p-value = .015 <.05) and reasons to believe (estimate =.0.266, p-value = .022 <.05) are significant positive variables and that they affect relative brand profitability (estimate =.0.416, p-value = .030 <.05).

Consumer orientation does not affect relative brand profitability directly, but it does affect brand profitability indirectly. Consumer orientation has a positive impact on relative brand profitability indirectly through differentiation (estimate = 0.522, p-value = .006 < .05). A customer-oriented company is more likely to include a differentiation factor in their positioning than others. Technical orientation is also a significant variable impacting differentiation, but negatively (estimate = -0.651, p-value = .007 < .05).

If we accept a 10% significance level, entrepreneurial orientation positively affects category membership. Technical orientation negatively affects reasons to believe.

I also ran models trying to uncover whether there are differences between newer and older companies in regard to their proficiency in positioning or their propensity towards any one of the orientations. Several different statistical models were tried, but no significant results were found.

5. Discussion

5.1 Theoretical implications

5.1.1 RQ1

The most common and widespread positioning literature comes from Keller and Kotler. Keller is an advocate for a comprehensive positioning, including, points of differentiation, points of parity, category membership, target market, reasons to believe and strategic resources. We can see from the data analysis that most firms do not include all these factors. In fact, none of the companies in this survey included all 6 elements, and as much as 15.2% of everyone questioned did not even have a desired positioning.

The results from this paper show that the way in which companies define their desired positioning varies greatly. A large portion of the managers who responded to the survey used two or three sentences to describe their positioning and why they chose it. This is clearly inconsistent with the view of Keller, which demands much more information in the positioning. Most of the managers seem to propose something more of a value proposition; a sentence which is supposed to convince the customer to prefer one brand over all others. The results also show that many positionings seem to be more of a desired future situation for the firm, not a desired position. Managers describe where they want the company to end up, like “market leader”, or “in a dominant position”. These are all relevant goals, but it does not serve the purpose of a good positioning, which is supposed to help guide marketing-efforts towards the end goal.

If we look at the positioning index, we can see that there are two elements that are included more often than others. Points of differentiation and category membership are included in 60.7% and 51.8% of the statements. It was not surprising that differentiation was the most common element as large parts of the literature focus on differentiation and its effects. Many of the businesses seem particularly concerned with differentiation. This finding suggests that managers at least follow some parts of the traditional view of branding put forward by Kotler and Keller. The belief seems to be “differentiate or die”. Almost the same number of companies included category membership as did differentiation. What was surprising was that all the other elements were included at much lower rates.

The extensive lack of points of parity, target market, reasons to believe and strategic resources in positioning are quite surprising. Based on the two elements that are significant, we can see that positioning has an effect on relative profitability. This means that those companies which

do not focus on positioning are losing profits. Which should be of great concern for every marketing manager.

The few companies that included strategic resources in their answers, usually just mentioned this parameter. They did not say how these resources were supposed to be used or how it gave them an advantage. Their strategic resources usually came from government monopolies or near monopolies like the Norwegian postal service which has an established logistics network for mail distribution. The same situation applied for an IT company which was formed to serve governmental health institutions and has long-term contracts with government. Other respondents cite ownership structures or exclusive access to raw materials as their strategic resources. These companies did not base their positioning on these strategic resource in order to gain a competitive advantage for the future. It was merely said that they had one. This attitude goes against both market and strategic literature, which site strategic resources as crucial for success.

I suspect that the reason why most of the positioning elements were not significant was due to the low number of respondents, combined with the low percentage that included these elements in their positioning. If the sample had been larger, I believe more of them would have been significant for both profitability and relative profitability.

5.1.2 RQ2

We can see from Table 3 the frequency of the different principles. The most used principles by the managers are the brand positioning statement and the value promise (verdiløfte). There are no big differences between the principles though. This makes it hard to say with any certainty which principles are used the most by Norwegian businesses. It is interesting, however, that so many managers have answered that they are very familiar (7) with the principles of brand promise, brand positioning, brand positioning statement and the unique selling proposition. At least 20 managers answered that they were “very familiar” (7) with the concept. None of the managers who considered themselves very familiar with one or more principle included all six elements from the index. There seems to be a gap in their understanding of the marketing literature. It is also possible that the principles they selected were chosen after the positioning work had been done. Maybe they chose a principle they thought would match their desired positioning.

I tested whether the use of different principles affected profitability, relative profitability or brand strength. The result shows that the use of different principles did not have any impact on these dependent variables. It does seem strange that there are no significant variables impacting profitability. Neither did technical, entrepreneurial or customer orientation affect what principles the managers used, which was surprising. I expected that the consumer-oriented companies would use the principles significantly more than those with other orientations.

What was significant, however, was that customer-oriented companies were more likely to have a higher reported knowledge of the different principles. A customer-oriented company significantly increased the level of knowledge about value-promise, value-proposition, brand promise, brand positioning, BPS and USP. In one case technical-orientation had a significant negative impact on the knowledge of brand positioning. This fits well with the result from the positioning proficiency index result where resulted in less differentiation and therefore less profit. Technical orientation also affected the knowledge level of the unique selling proposition if we accept a significance level of 5,7%. One might therefore speculate about those businesses which had a predominantly technical-orientation focuses most of their attention inwards and that they also have less knowledge about positioning and marketing in general.

From the main model in Table 10, we can see that differentiation and reasons to believe are significant variables when it comes to relative profitability. Both these elements are complex and often require more explanation than the two or three sentences presented. This would necessarily preclude the use of the more simple of the principles, like that of the value promise. It would require a more complex description, to move us towards Keller and the more complex principles like brand positioning. This observation is supported by the fact that the customer-oriented companies are more profitable.

5.1.3 RQ3

The marketing literature gives many definitions and principles on how good positioning should be done. The principles listed in this paper are all different, but gives directions towards the same goals. All the principles serve to give the company specific goals. In order to gain market share, higher prices, more profits and so on.

We can see from the first research question that most of the companies included in this survey had very few elements included in their positioning. From the literature we can summarize

that most, if not all the six elements in the index are important and that they contribute to success. The fact that no one included all the elements was not surprising, but that so many included so few elements were rather unanticipated. Many managers seem to only focus only on differentiation as the end-all and be-all of positioning and marketing. I cannot say if this is a choice of the marketers or if it is simply a lack of knowledge on the part of the managers, but it does not conform well with current theory.

The managers use fairly few positioning elements and they are not consistent with their selected principle for positioning. Many managers report high level of knowledge, but they still do not include the required elements for their chosen principle. How they define their positioning therefore, do not comply with the principles they claim to use. The data show that most managers focus on short statements as to why someone should buy their product or service. The current theory, especially that of Keller, demands a much more profound and informative positioning. It requires detailed market information and analysis to end up with a desired position that works well today, and into the future.

The development of a proper positioning as defined here - based on the work of Keller, is vital for success. We can see that those companies in the survey that include the relevant variables are more profitable. Many companies do not have a proper positioning, and are therefore less profitable according to my analysis.

5.1.4 RQ 4

Based on the statistical analysis done, we can see that two of the elements in the positioning proficiency index are statistically significant in the path analysis. Points of differentiation and reasons to believe are therefore the only two variables affecting relative profitability directly. We can also see that customer-orientation indirectly affects relative profitability. Customer orientation increases relative profitability by increasing the chance for a company to include a point of differentiation in their positioning. This correlation has been shown to increase relative profitability directly. Customer-orientation also impacts profitability directly. The customer-oriented companies in this survey are self reportedly more profitable than those of other orientations. The fact coincides well with earlier results that consumer-orientation both, affects relative profitability and affect the level of knowledge of the managers.

Reasons to believe is the other element that is significant. It does not impact the self-reported relative profitability as much as differentiation, but it is still important. Only eight companies had reasons to believe in their desired positioning, in contrast to 34 which included differentiation. With so few companies listing a reason to believe, and for the element to still be significant shows that this is likely a very strong factor in profitability.

Table 7 shows the model that displays whether a company with a pure consumer brand is better at positioning than a company that also works towards businesses. We can see that the coefficient “Consumer Brand” is positive and significant. A company which has a brand that only focuses on consumers, are more likely to include more positioning index elements. It seems that consumer brands are better at creating strong positions.

We can see from the results in this paper that businesses that include more positioning index elements are likely to be more profitable. Of the companies in this survey, the B2C companies are more profitable. The positioning proficiency tend to increase profitability, as more elements are included. The consumer-oriented companies include more of the elements then did the others. This study could only find profitable outcomes based on two of the elements, but it seems likely that more of the elements could affect profitability in a more extensive study.

5.2 Managerial implications

In my study, the managers were asked if they had a desired positioning for their brand. As many as 15.2% of everyone questioned did not have a desired positioning. A large part of Norwegian businesses works very differently or not at all with their brand and brand positioning. This lack of a strategic approach has consequences if we look at the path analysis in Table 8. The model shows that companies that are differentiated and have reasons to believe are more profitable than those which do not. The conclusion leads me to believe that companies should have a desired positioning, that is more than just a statement on why someone should buy their brand. Points of differentiation and reasons to believe are especially important here.

An important implication for businesses with a technical orientation is that an increase in market orientation could be advantageous when it comes to profits. We can see from the main model that technically oriented businesses are less likely to have included differentiating factors in their positioning. A technical orientation therefore decreases the chance of their product being differentiated. The model shows that a lack of differentiation leads to less

relative profitability. I speculate if this is the case for those with a technical orientation. Technically oriented companies are normally more focused on product and product development rather than what the customer wants. The lack of a differentiating factor in their positioning makes them less able to convincingly communicate why their product should be bought instead of their competitors'. The lack of good reasons to believe is also a relevant factor. If we accept a significance level of 7.2%, technical orientation negatively affects the chance of having a reason to believe element. Both of these two elements directly influence relative profitability. A more customer orientated focus is therefore suggested to help increase profits as this is shown to increase profits directly as well as relative profitability indirectly.

First of all, the most important implication for managers is that they must thoroughly define their positioning. Many businesses do not have a desire position at all. Secondly, brands must define points of differentiation and reasons to believe. These are the most important elements to increase profitability from positioning, but they need to be precise. These relations fit well with the main model which indicates that customer-orientation increase profitability. This is especially important for companies that mostly work B2B. They need to have a stronger customer orientation to be able to better position their products or services and to communicate why they are superior to others.

6. Limitations and future research

In this study I tried to question marketing professionals, which had some advantages and some disadvantages. One advantage was that the respondents to some extent had knowledge about the subject of the paper. An important limitation was the actual small number of managers questioned. It was often difficult to reach the right people, and even harder to get them to take the time to answer the survey.

In the analysis of the written answers, my colleague and I checked the positionings for the different elements. I got an overlap of 84% with the other analyst. Thus, the analysis therefore has a high inter-rater reliability. The few instances where disagreement occurred, the result of the analysis was discussed and agreed upon. Another indication of good reliability was the high Cronbach's alfa scores of the company orientations. The rating scales are therefore valid for use in the analysis. The overall reliability could have been tested and improved by running the survey with another group of individuals who were asked the same questions.

In regard to internal validity it is hard to say anything definite about cause and effect. Whether profitability comes from the marketers' skill at positioning, or if they happen to have time to work on positioning because of their profitability, I am unable to say. A longitudinal study would be necessary to say something about causation. Data over time is needed to say something about the direction of the causation as well.

Because of the large variations in type and size of the companies, this study can only give us some indication of the way Norwegian businesses work on positioning. Because of the small sample, the data cannot be used to make credible generalizations of the whole population of companies in Norway. I have used standard statistical tests to avoid problems with statistical conclusion validity.

One of the most significant validity issues is construct validity. Since there is not much prior exploratory research regarding how practitioners craft their desired positioning, operationalization was a problem. The constructs were based on current literature, but it will require further studies to improve operationalization and increase validity.

The following are suggestions for future research; The cross-sectional nature of the data in this study restricts the conclusions to indications and correlations, not causation. The development of a time-series study of the orientation/positioning/profitability relationship in a longitudinal framework would provide more insight into probable causation.

There is also a need for studies with much larger samples. Both more managers and companies from different industries are necessary to be able to generalize about the Norwegian companies. Future studies might then examine if the correlations discovered in this paper are found in the whole of Norway. It would be interesting to see if there are differences between well established companies and start-ups. An example could be to investigate if size and/or age of the company influence their positioning proficiency.

Many of the marketers reported high levels of knowledge regarding the different principles. To actually test their knowledge, one could design an experiment to see if training and/or education improves the way managers define and describe their positioning. How education relates to profitability would also be interesting to investigate.

In addition to the prior suggestions, future research might also look into if the other positioning proficiency elements relate to profitability. One could also examine if the elements relate positively to an objective form of profitability measure.

Another interesting finding in my study is the difference between pure consumer brands and other brands' profits. Pure consumer-brands are more likely to include more positioning elements, meaning that they are more likely to include those elements found to increase profits. Whether this difference applies to the whole population would be a significant discovery, but would require more research.

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