

# **The Impact of Brand Positioning on Consumer Learning and Brand Loyalty**

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## **ABSTRACT**

With the increase in consumer awareness coupled with an increase in income levels and thus financial availability, the consumer demand for products has skyrocketed and consumer views have significantly changed regarding market preferences. This change in preference has caused the market to become more competitive; companies are always making efforts to make their brands more popular and more known among consumers through means such as marketing and brand positioning. This paper is based on analyzing the impact of brand positioning on customer learning and brand loyalty by which the companies make the product prices more effective and using various effective advertising strategies. The paper includes three strategies of brand positioning i.e. beneficial positioning, psychological positioning, and competitive positioning in order to evaluate the impact they have on buying decisions. The study concludes that the brand positioning strategies work best in revolving around the human psyche in different ways, but seem to most heavily affect consumer perception. With that, it is also stated that the companies should make their products distinct and innovative so that consumers can easily identify the difference among other available products and have good reason to choose one firm's brand over another's.

**Keywords:** Brand, Brand Positioning, Brand Loyalty, consumer, advertising, strategies, competitive positioning, consumer perception, awareness, price, product, quality, preference, promotion, strategies, purchase decision, marketing, intentions, differentiation, valuable services, promotional strategies, attributes, psychology, technology

## **INTRODUCTION**

With the increase in consumer awareness coupled with an increase in income levels and thus financial availability, the consumer demand for products has skyrocketed and consumer views have significantly changed regarding market preferences. This change in preference has caused the market to become more competitive; companies are always making efforts to make their brands more popular and more known among consumers through means such as marketing and brand positioning (Vukasoviã, 2014). For this end, many companies are making their products' prices more effective so the consumers can choose their familiar and favorable brands irrespective of price discriminations.

Therefore, in order to make their products preferred by the consumers, companies work to make their products and brands the most loved by using effective advertisements and various promotion techniques (Shahid, 2019). In such a scenario, the positioning of the brand has a major impact over consumer learning about the brand and the development of consumer loyalty to persuade people in their purchase decisions.

## **Marketing Perception of Brand Positioning**

The brand positioning of a company is said to be higher when a consumer wants to buy a product, and the company's brand is the first to come to mind; the consumer immediately associates the product with the company's brand. For example, Nescafe in coffee has a high brand positioning (Kosteljik, 2020). Likewise, companies that have high brand positioning are those that lead the market and gain the most business through high customer satisfaction levels, brand loyalty, and the positive impact such things have on consumers' intentions in making their purchasing decision.

From a marketing perspective, brand positioning is a strategy which marketers create and use in order to make their products distinct and known among their targeted consumers to generate a product differentiation in competitive advantage.

Brand positioning strategy represents the perception of a product among the majority of consumers as the most heard of or most known product with valuable services, attractive advertisements, and effective promotional strategies.

### **Implementation of Brand Positioning by Companies**

In order to establish effective brand positioning, companies focus on attributes like product exclusiveness, better pricing, and indulging features which give a distinct image to the product in consumers' minds (Kosteljik, 2020). Companies also evaluate the distinctiveness of their rivals' brands in order to get an idea as to how to implement certain changes to make their own products better and more distinctive. Therefore, by introducing products at the right time and by addressing them to the right customers with the right mode of advertisement, value is added to the companies. This value in turn allows companies to place their products in a better position by providing better awareness about their products and also by creating a uniqueness that enable the consumer to remember it when making purchases or buying decisions.

### **Research Overview**

To research this parameter, studies are conducted that involve three strategies of brand positioning in order to analyze the impact of these strategies over consumer preferences and buying decisions. The three strategies are beneficial positioning, psychological positioning, and competitive positioning. These strategies are analyzed to evaluate the impact they have on buying decisions, whether positive or negative. A brand is most effectively positioned when no other brand comes to mind when consumers think of a product.

### **Beneficial Positioning**

The beneficial positioning strategy communicates the unique benefits of a product or service to consumers. This is perhaps the most influential brand positioning strategy in forming customer perceptions, as they first seek the benefits they get when spending their money. This brand positioning strategy is aimed at highlighting companies' most powerful attributes that the other competitors cannot claim. It often provides direct benefit to the company through the use of patents or copyright for their technology or features (Vukasoviä, 2014).

This brand positioning strategy is mainly associated with the pharmaceutical companies, the auto companies, and the industries that provide high-end luxury items that call for distinctness and better quality. Tesla is an example where its products are more expensive than competitors, but the company differentiates them by making electric cars which are eco-friendly and available in long range. This benefit adds value to Tesla's brand image and therefore impacts customer preferences and loyalty towards the brand when they are making their purchases due to high quality, differentiated features (Shahid, 2019).

### **Psychological Positioning**

The psychological positioning strategy works by influencing the minds of consumers by creating a psychological connection with certain brands; the consumer will form a strong connection to the brand which will be difficult to change by any kind of marketing techniques. For example, the products which are more expensive than other competitors' products attain the psychological effect of having the best quality and the best material.

This psychological effect overcomes the other effects of marketing. Beauty products which are expensive are always considered to have better quality when compared to the quality of less priced cosmetics. Apple is a good example of a company utilizing a psychological positioning strategy.

Apple consumers typically do not care about the relatively high prices of Apple products, as they are more focused on the prestige and status the company has. They drive their purchases on the basis of quality and luxury, which Apple has. In order to partake in the status and reputation of the company, Apple consumers use those products to become associated with the high-end segment of buyers, which has great impact or influence on the buyer's mind.

The psychological positioning strategy impacts the consumer mind the most when they seek to have a product of good quality and wish to be associated with what a company is targeting. This strategy is perhaps the most effective brand positioning strategy when seeking to influence consumer learning about a product, as this strategy plays with the minds of consumers.

## **Competitive Positioning**

The competitive positioning strategy aims to position a company's brand over the competitors' brands, and it works best for products that have close substitutes or similar products with distinct appearances, like soft drinks, juices, and the fast-moving goods consumer industry. This strategy is not very effective at impacting consumers' minds and choices. It is difficult for a firm to immediately and significantly differentiate its version of a product from another company's version of the product in the minds of consumers when those products are so similar in appearance.

Brand name alone often does not act as the best reason for selecting a product, which mainly leads the consumers towards a null state of mind and causes them to make their selections on the basis of their own preferences rather than going with the company's brand positioning. Such actions result in a diversion of consumer preferences and it might work for the immediate action of buying, but this may not ensure customer retention, which is equally as important for brand building of the product and company.

The best example of such strategy implementation is between the Coca Cola Company and PepsiCo Inc., two popular business rivals, which promote their products by making them appear to be superior to those of the other firm. This brand positioning strategy gives a temporary hike to sales, as this brings a trend-based response to the company sales. Winning over customers with a competitive positioning strategy is quite challenging as it requires great efforts and messages to prove that one brand is truly better than the other similar brand and make such a brand the number one brand in the minds of consumers (Agarwal, 2016).

## **Interpretation**

According to the analysis of the various brand positioning strategies, it has been shown that these strategies are very effective in making brands popular among consumers. Brand popularity helps consumers retain the product preference in their minds while making their buying decisions. All three of the selected brand positioning strategies have their own ways to make the brand popular among the customers and provide advantages to the companies utilizing strong brand positioning. Strong brand positioning shapes consumer preferences and thus is directly linked to consumer loyalty, brand equity, and also the willingness to purchase one company's brand over another's (Janiszewska, 2013). Therefore, brand positioning is also referred to as the extent to which the brand is judged as favorable, unique, and credible in consumers' buying decisions.

## **More Examples of Effective Brand Positioning**

In order to further illustrate the three brand positioning strategies discussed above, more examples of how other companies effectively utilize these strategies shall be given. The organic and premium supermarket company Whole Foods utilizes a beneficial positioning strategy to differentiate itself from its main competitor, Trader Joes. Trader Joes boasts lower priced comparable options while still maintaining quality organic foods. Trader Joes also offers many products under its own brand name, while enhancing customer experience through its atmosphere: "There is a health focus but also a fun focus. It's meant to be a treasure hunt. And their branding reflects this. The stores are decorated with a fun nautical theme. Employees wear Hawaiian shirts and loudly shout when there aren't enough cashiers" (Roberts, 2018). Such an atmosphere is what Trader Joes has going for it over Whole Foods.

In order to compete with Trader Joes in making shopping at its stores a beneficial experience for customers, Whole Foods "has much more brand variety than Trader Joes. Joes certainly sells other brands, but much of the store is populated with its own brand," unlike Whole Foods (Noyes, 2016). Whole Foods not only focuses on food variety, but also on "non-grocery extras," so to speak. Unlike Trader Joes, Whole Foods' extras "come in the form of gelato stands, hot meals, salad or juice bars – even an ice rink at one Austin location" (Noyes, 2016). Trader Joes' customers see the benefit of the fun shopping experience alongside healthy options at low prices. Through the use of product variety and "non-grocery extras," Whole Foods seeks to give customers a beneficial experience while shopping at its stores, compared to the "treasure hunt" experience of its rival.

Dollar Shave Club does well utilizing the psychological positioning strategy. This company created a brand image that appeals to the average, everyday person. Gillette, Dollar Shave Club's major competitor, "is more expensive and has a very masculine tone to their messaging and branding. Dollar Shave Club is more cheeky and casual. Gillette has a very sleek look and features guys who look like actors and models. Dollar Shave Club features average looking people across a wide age range who are more relatable to consumers" (Bartolacci, 2019). Advertisements from each company best illustrate this.

Dollar Shave Club wants its razors to be the first that come to mind when the average, everyday person shops for razors. Its approach, “a humorous take that has made the company a major player in the grooming industry,” seeks to achieve this (Roberts, 2018). Such an approach has a psychological impact on consumers. By using casual, humorous advertising featuring average people, the company hopes to form a psychological connection between the average, everyday man and its brand. Compared to the athletic men of Gillette, the “common man” utilized by Dollar Shave Club better relates to many razor-using consumers.

In regards to competitive positioning strategy, Chipotle Mexican Grill has sought to distinguish its restaurant from a very similar one, namely Taco Bell. Taco Bell boasts a large menu featuring many food options, lower prices, more locations, drive-thrus, and later store hours. To compete against this, Chipotle “allows and encourages customers to choose all the ingredients for their tacos, burritos, and bowls” (Chipotle vs. Taco Bell – Who Wins). Such customization is lacking at Taco Bell. Furthermore, Chipotle “introduced a fast-food, a sit-down dining hybrid called “fast casual” that has changed the fast-food industry” (Fruhlinger, 2019). The introduction of a more casual atmosphere intends to increase the firm’s customer base to include people who prefer more casual sit-down dining, a base which most fast-food chains, including Taco Bell, don’t have. Chipotle also arguably surpasses Taco Bell in terms of food quality. Unlike Taco Bell, Chipotle “sources their foods from local farms where the livestock is raised following their humane guidelines, and the vegetables are mainly organic as well” (Chipotle vs. Taco Bell – Who Wins). Furthermore, having a highly customizable menu allows customers to regulate the healthfulness of their meals. Through such measures, Chipotle has worked to distinguish itself from its similar competitor, targeting health conscious people as well as those who prefer more casual, yet quick, dining.

## CONCLUSION

Brand positioning plays a vital role in attracting the attention of consumers towards a company’s brand and also in retaining that attention for a long time, so that, when the consumer seeks to buy a product, that company’s brand comes to mind and hence plays a significant role in the consumer’s buying decision, generating revenues for the company. In today’s business environment, consumers are also becoming very active and aware when making their decisions, as every consumer has a different thought while buying; some place emphasis on price differences, some of product quality, some choose on the basis of flavors and extra features, while some remain loyal to the existing brands they use.

According to the research, it is shown that TV commercials with attentive tag lines and attractive and useful messages have a major impact on consumer brand loyalty, as such commercials strike their mind and remain with them for a longer period of time (Janiszewska, 2013). The brand positioning strategies work best in revolving around the human psyche in different ways, but seem to most heavily affect consumer perception. This indicates that marketers should first focus on the image they want to create for their brand and at what place and targeted audience to market their brand effectively so that such an image can be achieved. This is the actual meaning of brand positioning and this only helps the companies have a positive impact on consumer learning and retaining brand loyalty.

Therefore, the research suggests that marketers should seek an umbrella strategy in which they are able to develop strategies which consist of both innovative and exclusive things which are not found in competitors, as the consumers in today’s world are focusing more on brand image, quality of product, company name, and the satisfaction that the company can promise when providing consumers with better service and product outcomes (Agarwal, 2016). Therefore, in order to retain the brand loyalty of the consumers, it is desirable for companies to make their products distinct and innovative so that consumers can easily identify the difference among other available products and have good reason to choose one firm’s brand over another’s.

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