

Evaluate the relative brand positioning



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I) Introduction

This assignment is to evaluate the relative brand positioning, image, and effectiveness of Toyota, Nissan and General Motor. These three companies were chosen because their brands are well known and are easily recognizable to most people. More over, all three companies compete in the same market segment – i. e. the mainstream automotive market – and basically target the same target group – the mainstream automotive buyers in each country where they compete. This allows for meaningful comparison and evaluation of their relative brand positioning/image/effectiveness.

Since Toyota is the clear winner among the three brands, we will focus our efforts on Toyota to see what they did differently to make them outperform their rivals in terms of brand positioning, brand image and brand effectiveness.

Academic theories and research findings from recognized academic papers and sources will be used as the tools for the evaluation.

The paper will end with recommendations of future direction for improvement for the three brands.

II) Brand Position or Brand Positioning

“ Brand positioning is at the heart of marketing strategy. It is the “ act of designing the company’s offer and image so that it occupies a distinct and value place in the target customer’s minds.” As the name implies, positioning means finding the proper “ location” in the minds of group of consumers or market segment, so that they think about a product or service

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in the “ right” or desired way to maximize potential benefit to the firm. Good brand positioning helps to guide marketing strategy by clarifying what a brand is all about, how it is unique and how it is different to competitive brands, and why consumers should purchase and use it.” (Keller) page 98

As Keller mentioned, the objective of brand positioning is to secure a distinct and value place for the product in the consumers’ mind so that they think of the brand in a desirable way and the reason for choosing the brand when they make a purchase decision,

We will start the evaluation with the very fundamental of branding, which is the brand name itself. Brand names are proxies of product information (Kohli & Suri, 2000/Brand Names That Work: a study of the effectiveness of different types of brand names, Marketing Management Journal, Fall/Winter 2000). Brand names comprise of 5 different types; namely, generic (e. g. Aspirin), descriptive (e. g. Kleen ‘ N Fresh), suggestive (e. g. American Airline), arbitrary (e. g. Red Bull energy drink), and coined name (e. g. Kodak). According to Kohli & Suri paper, descriptive and suggestive brand names have certain meaningful meanings to consumers and could help initial positioning of the brands and could be easier to remember. Out of the three brands under evaluation, only GM (General Motor) has the meaning related to the product category (automotive), whereas both Toyota and Nissan are coined names (i. e. invented names without any meaning). This fact is not surprising as GM came to the market first, so they had the advantage of choosing a brand name that is meaningful to consumers and relevant to the product category.

Next, we will discuss the evaluation of brand positioning. There are several tools for evaluating brand positioning; namely, multi-dimensional scaling, factor analysis, discriminant analysis, multi-attribute compositional models etc. However, we will use Product Attribute Model by Carol F. Gwin and Carl R. Gwin (Product Attribute Model: a tool for evaluating brand positioning, *Journal of Marketing Theory and Practice*) as the tool for evaluation, as we feel that it is appropriate for the automotive industry because consumers will generally compare the attributes (benefits) of different automotive brands before making the final purchase decision. The theory of this model is that under a budget limitation, consumers will choose a brand based on maximizing utilities (or satisfaction) from the product attributes. Therefore, a brand that can command more perceived positive product attributes that are critical to brand choice in that product category, will likely to win in the market place. The question is then, what are the key product attributes that influence brand choice of a car? Of course, reliability, quality, value for money, fuel efficiency are the major ones. Then, out of the three brands (Toyota, Nissan and GM), who has scored highest in these attributes. The answer is very clear. Toyota has scored very high in the perception of consumers on all these attributes. This is the explanation why Toyota has been very successful in gaining market share worldwide.

Although GM logo with its signage saying “ The Mark of Excellence”, which is obviously the brand positioning GM is trying to build. However, consumers do not perceive that way. They do not feel that GM cars are excellent than Toyota cars. Actually, they believe that Toyota cars are of higher quality, more reliable and offer better value for money. This is the brand positioning

problem of GM – i. e. they have a positioning statement that they cannot deliver (i. e. unable to convince people to believe it).

Nissan brand positioning problem is that the brand stands for something different in every market. According to Mark Perry, Nissan North American Director, Brand Management and Research, “ the Nissan image was fuzzy because our brand stood for something different in every market. And, we were different over time. In the U. S., we used to be a sports-car company, then a sedan company, then a truck company. Our product characteristics and personalities weren’t woven together into a coherent picture of what Nissan stands for”

(source: Lippincott Mercer: Publications: Brand management in real world http://www.lippincottmercer.com/publications/s96_realworld.shtml)

In short, Nissan has no real positioning, except that it is another well-known Japanese automotive brand.

According to Financial Times Information Limited (Financial Times Information Limited, Index Terms: Automobile & Light Duty Motor Vehicle, Record Number: A20060509-4657-EIW, 0, XML, EIW, copyright 2006), John Birnsteel, Consulting Director at Enterprise IG which has worked with automotive brands including Audi, commented about the way Toyota approached the brand positioning when they launched Lexus this way “..... Toyota isn’t just a product brand. It is a corporate brand as well and it has done a very good job of market segmentation. The upmarket, performance Lexus brand avoids any negative association with a Japanese mid-market car”

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On the other hands, he commented with some concern that “ a homogenization of the US brands, including Ford and GM, leaves them open to further attack from new entrants” GM markets luxury Cadillac down to the entry-level Chevrolet, all under one corporate brand GM. The question is – – Are the brand personalities, images of Cadillac and Chevrolet the same? Obviously not; then, how could one effectively project two distinct images, personalities under the same brand?

III) Brand Image

“ Brand image is consumer perception of and preferences for a brand, measured by the various types of brand associations held in memory – – either performance-related or imagery-related attributes or benefits”.

(reference: from text book.....) page 636

Given the fact that certain images or perceptions have a higher impact towards buying behavior than others, marketing practitioners have always confronted the question of how to objectively measure the strength of different brands as far as brand images are concerned, especially when taking into consideration of the fact that all the brands have a certain set of images with different degree of strength and weakness in comparison with those of their rivals, because brand images can come from different sources – – actual experiences of using the product, marketing communications, words of mouth etc. Therefore, the most effective way seems to be the measuring of relationship between brand images and customer loyalty, as customer loyalty will finally lead to purchase. (Soruce: Romaniuk & Sharp, Measuring brand perceptions: Testing quantity and quality/Journal of

Targeting, Measurement and Analysis of Marketing Vol. 11, 3, pages 218-229). It is useless for a brand to score very high on certain images that are not critical towards building customer loyalty. It is better to score high on dimensions that contribute to building customer loyalty – – the essence of brand building.

Romaniuk & Sharp found that there were certain perceptions that worked more or less like triggers for purchase – – i. e. if customers hold those specific perceptions about the brand, they will buy it. For example, if consumers think that Coke is the real thing (authentic cola drink), they will buy it, no matter whether rival products taste better or not. This is the reason why Coca Cola failed when they launched New Coke, even though the taste of New Coke was tested in a blind test to taste better than original Coke and Pepsi.

Now, using the findings and theory above, we will evaluate Toyota, Nissan and GM and try to explain why Toyota outperforms their rivals in the global automotive market.

Obviously, Toyota owns most of the brand images or perceptions that are considered triggers for purchase of automobiles. Since automobiles are a high-ticket item, value for money is certainly a strong trigger for purchase, especially for average consumers who cannot afford to change cars very often. Apparently, the perception of good value for money derives from the reliability and quality of Toyota cars which have been proven in many markets world-wide from the stand point of low maintenance cost, less

break-down of engine, good fuel efficiency, etc. Both Nissan and GM cannot match Toyota on these criteria.

Actually, the image of quality, reliability, good value for money is not something just perceptual (i. e. intangible), but there is a solid reason behind it, which is the innovative Toyota Production System (TPS). TPS is a culture and set of principles (Toyota Way) that enables Toyota to run its factories much more efficient than any of its rivals in terms of cost, productivity and quality. This is the competitive advantage that none of their rivals can match at the moment. (Source: Competitive Advantage: the Toyota Way/Business Strategy Review, Volume 14 Issue 4, Winter 2003).

Not only Toyota scores high on hard attributes of brand images, they also worked hard to command the positive perception of certain critical soft brand images like being an environmentally-friendly car maker, as they know that the trend of the world is moving towards green marketing. Jon Williams, European Marketing Director of Toyota, said “ From the very top of the company, there’s an understanding that for a global car maker to succeed in the long term, it has to respect the environment and develop technologies that are environment friendly.” This is the reason for the launch of Prius hybrid car and Prius is fast becoming the icon of a greener way to drive. (Source: Financial Times Information Limited, Index Terms: Automotive & Light Duty Motor Vehicle, Record Number: A20060509-4657-EIW, 0, XML, EIW, copyright 2006).

Toyota action is in line with the findings by Kim A. Nelson that many consumers with strong social responsibility principles will only buy products

from companies that operate their business with the overall society's well being in mind, especially in regards to environment. (Kim A. Nelson 2004, Consumer Decision Making and Image Theory: Understanding Value-Laden Decisions, Journal of Consumer Psychology, 14 (1&2), 28-40)

IV) Brand Effectiveness

The issue of measuring the effectiveness of a brand has always been a central issue in marketing because companies invest a lot of money in brand building activities and; hence, they would like to know how effective their brand is. Or, in other words, they would like to know whether they will get a good return from their investment in the brand.

One way to measure brand effectiveness is to measure the brand equity. Brand equity is a reflection of how strong a brand is and can be viewed as a financial instrument to measure the value of the brand. Brand equity consists of brand associations (brand images), brand loyalty, brand awareness, and all the other brand assets such as perceived quality etc. In short, brand equity can be viewed as the biased behavior a consumer has for a branded product versus an unbranded equivalent.

For example, if a consumer is willing to pay \$ 100 for a shirt with POLO brand whereas he is willing to pay only \$50 for the unbranded shirt with the same material, the extra \$50 is basically paid for the value of the brand equity (James B. Faircloth, Louis M. Capella, Bruce L. Alford/The Effect of Brand Attitude and Brand Image on Brand Equity/Journal of Marketing Theory And Practice, Summer 2001)

The next question then is how can we measure brand equity? For the purpose of our study, we will use the model developed by David A. Aaker as the tool for measuring brand equity of Toyota, Nissan and GM. (David A. Aaker, 1996/Measuring Brand Equity Across Products and Markets/California Management Review Vol. 38, No. 3, Spring 1996).

Under the model, Aaker uses ten sets of measures grouped into five categories to measure the brand equity of each brand as follows:-

1. Brand loyalty Measures

- Price Premium
- Satisfaction/Loyalty

2. Perceived Quality/Leadership Measures

- Perceived Quality
- Leadership

3. Association/Differentiation Measures

- Perceived Value
- Brand Personality
- Organization Associations

4. Awareness Measures

- Brand Awareness

5. Market Behavior Measures

- Market Share
- Price and Distribution Indices

Based on the above measures, our group feels that Toyota outperforms Nissan and GM by a far margin in almost all the 10 measures, as had been

evaluated before in the brand positioning and brand image sections.

Therefore, we can safely conclude that Toyota brand equity is much stronger than Nissan and GM. This conclusion can be supported by the strong performance and expanding market share of Toyota worldwide. In other words, we can comfortably say that in terms of brand effectiveness, Toyota has out-classed both Nissan and GM, even though GM has been in the market long before Toyota.

V) Conclusion & Recommendations

From the evaluation above, it is evident that Toyota has out-performed Nissan and GM in Brand Positioning, Brand Image and Brand Effectiveness. This is the reason that Toyota has earned the un-disputed title of best car maker in the world.

For future direction of the brand, Toyota has to maintain their status quo (being the world's best car maker) and keep their positive brand images and perceptions intact through constant innovation and improvements so that their rivals cannot catch up.

The immediate task of Nissan is to define their brand positioning. With the tough competition in the global automotive market, Nissan needs to establish a clear identity of what they want their brand to stand for. Unless they could carve out a unique and compelling positioning, Nissan will always be an underdog compared with its main Japanese rivals (Toyota and Honda) and they have to compete on price, which would undermine their profitability.

Nissan needs to find a way to create a single and solid global brand positioning. The brand cannot stand for something different in every market because it will finally confuse consumers and make global marketing almost impossible.

GM needs to do a soul searching to find out if they still want to have all their products (from luxury Cadillac to entry-level Chevrolet) to be within the same umbrella corporate brand of GM. How could they effectively build up the brand personality of GM if they decided not to change their branding strategy? Is it possible to have several distinct images and personalities within one brand?

Alternatively, if they decided to change their branding strategy, how could they communicate to the consumers?