

OUTSHINE YOUR COMPETITION: 4 PROVEN POSITIONING STRATEGIES FOR SMALL BUSINESSES

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In a highly competitive marketplace, businesses must adopt strategic positioning approaches to stand out and attract their target audience. Among the most effective strategies are cost leadership, product characteristics differentiation, niche market positioning, and competitor-based positioning. Each of these approaches offers unique pathways for companies to build brand recognition and customer loyalty, whether through offering lower prices, emphasizing distinct product features, serving overlooked market segments, or positioning against well-known competitors.

The intended audience for this paper is small business owners. It explains four common strategies for positioning a product/service against the competition and gives real-world examples.

1. Cost Leadership Positioning

Cost leadership positioning involves setting prices lower than the competition while maintaining profitability. This strategy is particularly effective when targeting price-sensitive customers who prioritize value for money. Common examples of price-sensitive groups include college students, young families, and low-income individuals. Retailers like Walmart exemplify this approach by offering private-label products that are often priced lower than national brands. Although these products may sometimes be of lower quality, they appeal to price-sensitive customers for whom cost is a more important factor than premium quality. Walmart achieves these lower prices, in part, due to its efficient logistical and distribution systems.

Similarly, gas stations frequently employ cost leadership strategies, especially in competitive markets. By pricing fuel even marginally lower—such as one cent less per gallon than a nearby competitor—they can attract more customers. In both cases, businesses capitalize on the purchasing behaviors of consumers who actively seek out the lowest-cost option.



2. Product Characteristics Positioning

Product characteristics positioning, also known as differentiation, involves emphasizing the unique attributes of a product or service that distinguish it from competitors. These attributes may include features, benefits, quality, or experiences that fulfill specific needs or solve problems in ways that competing products do not. Businesses typically focus on one key differentiator that holds the greatest importance to their target market.

In the automotive industry, for instance, Toyota is positioned as a brand known for reliability, Porsche is known for performance, and Volvo is recognized for its emphasis on safety. This approach underscores the necessity of aligning product characteristics with the values and preferences of the target audience.

It is essential to identify what is most important to the intended customer base or to find a market segment that highly values the product's distinct qualities. For example, a farming community is unlikely to prioritize a vehicle known for luxury features, such as plush seats and a pristine interior, because such characteristics do not align with their practical needs for running a farm and supporting their livelihood.



3. Niche Market Positioning

Niche market positioning involves targeting a specific, underserved market segment where a business can achieve dominance by addressing the unique needs of that audience. By offering tailored solutions, companies can cultivate a loyal customer base and establish themselves as the preferred brand within that demographic. Niche markets often lack significant competition, as they tend to be overlooked by larger companies due to their relatively smaller size.

An example of niche market positioning can be seen in the "trad wives" movement on social media platforms such as Instagram and TikTok. This movement appeals to a specific audience that values traditional gender roles, particularly those centered around homemaking, domesticity, and family-oriented lifestyles. This niche audience often consists of individuals who prefer or idealize conventional family structures, where the wife takes on responsibilities such as managing the household, raising children, and supporting her spouse's career. Influencers within this space are able to effectively market cookbooks, household products, and other related goods to this targeted group, providing solutions that resonate with their values and lifestyle.



4. Competitor-Based Positioning

Competitor-based positioning is a strategy in which companies use their competitors as a reference point to differentiate their products or services. This approach involves comparing their offerings to more well-known or popular brands, with the goal of highlighting key differences that make their products appear more favorable or unique in the marketplace. By positioning themselves against established competitors, businesses aim to carve out a distinct identity that resonates with consumers.

A notable example of competitor-based positioning is OLIPOP, which markets itself as "A New Kind of Soda."

OLIPOP tastes like the soda you grew up sipping, but with the added benefit of microbiome and digestive health support. With plant fiber, prebiotics, botanicals, and a touch of magic, we made soda healthier AND more delicious!²

On platforms like Instagram, OLIPOP directly compares its Orange Squeeze flavor to well-known orange sodas, such as Fanta, Sunkist, and Crush, emphasizing its health-conscious advantages³.

Similarly, brands like Burger King and PepsiCo have employed competitor-based positioning by contrasting themselves with McDonald's and Coca-Cola. For example, in 2016, Burger King launched a marketing campaign for Halloween that positioned itself against McDonald's, leveraging the competition to reinforce its unique brand identity⁴. PepsiCo has used similar tactics in its

rivalry with Coca-Cola, further demonstrating the effectiveness of this strategy.



Sources

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