It can also be defined as an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.0.1 Differentiation Strategy

According to Porter (1980) differentiation is one of the generic strategies that a firm can adopt to gain a competitive advantage in the marketplace. Differentiation involves offering something that is distinct from competitors, such as superior service, higher quality or an attractive design. Differentiation serves two purposes: it provides customers with a reason to choose the company's product over a competitor's and it allows a firm to charge a premium price , because consumers are willing to pay more for products they perceive as providing specific benefits that are lacking in competing products. There are many different tools available to the company to achieve competitive advantages. The main variables which offer differentiation are product, service, personnel, channel and image. Product related attributes provide a good basis for differentiation strategy. However, product differentiation varies depending on the nature of the industry. For example, commodity products are difficult to differentiate on appearance where as automobiles present an opportunity with plenty of different options.

Service plays an important role in differentiation particularly, where differentiation is difficult based on physical features of the product. Differentiation in service can be achieved based on ordering procedures and timing, customer service intimacy, after sales customer service. One step forward in service differentiation is on the basis of the quality of personnel. By exhibiting a professional, reliable, quick and courteous response to customer enquiries, a company can achieve significant differentiation over competitors. The distribution channel also plays its part as a differentiation tool and can be a source of competitive advantage. For example, Dell computer through direct selling approach delivers computer system right at the door step of homeowners and offices. Another important differentiation tool is image. There are various ways to achieve image differentiation depending on industry and market segment. For example, prompt responses to customer enquiries, sponsoring of events and causes is another way of building up image among consumers.

Off-Core Differentiation

Opportunities for differentiation are abundant in virtually every industry. Exploration of differentiation strategies has led to the development of ways in which a product, service or firm might create a unique offering that commands a price premium. Advances in technological innovation offer a natural route to pursue differentiation strategy. For example, Sony has recorded remarkable success in its PlayStation video game systems. However, Nintendo adopts similar technology to compete with Sony, because the technological innovation is a key factor and it is impossible to compete in the video game market without technological innovation.

A successful differentiation is not easily imitated by competitors and it results into significant unmistakable success with consumers. Core benefits are more than the essential product benefits and it revolves around everything that the consumers expect from the product (Herman, 2004), for instance Volvo succeeded because it emphasizes safety, but other automobile industry like Toyota follows the trend and emphasize safety as a value proposition to customers, Procter and Gamble equally position Crest soap as „Total" which shares the same core benefit with Colgate Palmolive soap. Therefore, in order to create a differentiation that competitors cannot easily copy, companies must look beyond the core benefits that are already considered important in the target market. The company must seek differentiation that cannot be easily copied, this differentiation can only be achieved through core competence; doing what others cannot do or by doing better what others are doing.

Sometimes an off-core differentiation strategy may eventually become a core benefit. For example, most mobile telephone manufacturers pursue a similar strategy in term of technology and this has resulted into the use of sophisticated design as a core benefit. However, off-core differentiation is a potent strategy to become a market leader, because they cannot easily be imitated by competitors. It is also a strategy to give a group of consumers a good reason to be committed to the company.

Criteria for Establishing Differentiation Strategy

A quest for differentiation or distinctiveness implies a proactive and imaginative approach aimed at constantly striving to manoeuvre competitors. Differentiation strategy makes company's brands desirable over other brands in its category. For example, Ferrari's legacy of motor racing provides the brand with an authencity that are enviable by other supercar brands such as Maserati, Cooper, Alfa Romeo, and Aston Martin to mention a few.

While a company can create many differences, each different option has a cost as well as a consumer benefit. A difference is worth establishing when the benefit exceeds the cost. More generally, a difference is worth establishing if it satisfies the following criteria:

• Important: the difference delivers a highly valued benefit to a sufficient number of buyers.

• Distinctive: the difference either is not offered by others or is offered in a more distinctive way by the company.

• Superior: the difference is superior or better to the ways of obtaining the same benefit.

• Communicable: the difference is communicated and visible to the buyers.

• Pre-emptive: the difference cannot be easily imitated by competitors.

• Affordable: the buyer can afford to pay the higher price.

Positioning Strategy

Several authors acknowledged that a positioning strategy is a key component of the strategic marketing planning process (Kotler and Andreasen, 1996; Hooley et al., 1998), and aligns with organizational goals/objectives, resource capabilities and external market opportunities (Lovelock and Weinberg, 1989; Lovelock et al., 1996). The positioning strategy consists of three major inter-related components: the choice of target audience(s), the choice of generic positioning strategy, and the choice of positioning dimensions that the organization adopts to distinguish itself and to support its generic positioning strategy (Hooley et al., 1998; Chew, 2005). The positioning strategy also provides the framework upon which to develop, coordinate and implement the marketing mix elements (Lovelock and Weinberg, 1989; Lovelock et al., 1996), and to communicate the desired position to the target market.

Positioning strategy also entails the expression of brand purpose in order to assert its function to consumers. For instance, Phillips expresses its intention as let’s make things better“, BMW is the ultimate driving machine“, and Cathay Pacific Airways claims, to be the heart of Asia thereby leveraging Asia service perceptions.

Developing a Positioning Strategy

A successful positioning strategy enables companies to make a superiority claim over competitors in many ways: we are more efficient, we are faster, we are more reliable, we are cheaper, we are more stable, we are more intimate, we offer the best value for money ... and the list continues. Companies often try to differentiate by offering products positioned as “complete”. Such products by implication contain most or all capabilities available in the category instead of a single position. Aqua fresh toothpaste, for example claims offer trio benefits: fights decays, whitens teeth, and provide a cleaner breathing (Kotler and Keller, 2006). Total Colgate uses the positioning “Total” in its toothpaste line to position itself as full feature toothpaste. (Ries and Trout, 2001), however, emphasized the requirement of selecting one of them, because, that single point will be able to stay in the recipient’s mind. According to (Crawford and Mathews, 2001) a company is likely to fall below the optimal value if it tries to be the best in more than two positioning options. There are seven different positioning strategies or themes. These are:

i. Attributes positioning: the message highlights one or two of the attributes of the product.

ii. Benefit positioning: the message highlights one or two of the benefits to the consumer.

iii. Use/application positioning: claims the product to be the best for some application.

iv. User positioning: claims the product as best for a group of users.

v. Competitor positioning: Claims that the product is better than that of a competitor.

vi. Product category positioning: Claims as the best in a product category.

vii. Quality/Price positioning: claims' best value for price.

Relationship between Differentiation and Positioning Strategy

In order for a product or service to be successful in the marketplace and attract customers, it is important for the seller to ensure that the product or service stands out. Sellers should consider what makes their products or services different from others in the market and how this can be displayed through an identity or marketing campaign. Positioning can be described according to the specific features, benefits or the usage of the product or developed directly against the major competitors (Kotler and Keller, 2006). Positioning strategy is not an arbitrary concept; the product should be designed with a planned position in mind; which should be decided right from the product conceptualization stage.

Differentiation is the process of adding more meaning to the product by highlighting attributes beyond the central product or service theme. The task of differentiation is to highlight the important benefits of a product/service in a distinctive manner which cannot be easily imitated by competitors and provide profitable benefits to the company. Differentiation should be considered as an offer of a bundle of benefits or value package involving product, price, service, delivery and the entire mix of a firm's supporting capabilities. Therefore, to be successful over the long term a firms products and services must be well positioned in the market place.

The essence of the differentiation and positioning strategies is communicated through a positioning statement, often a short sentence or phrase that conveys meanings to differentiation and positioning strategies. This statement is used as a marketing tool by which to judge all marketing communications and to assess if they are in tune with the strategies. It is also used as a control mechanism to make sure all marketing campaigns convey the essence of how the product is differentiated and positioned against competition.

Positioning is the result of differentiation decisions (Rao and Monroe, 1989)." A firm start by differentiating its offering, and then positions the brand accordingly.

2.1.1 Concept of Brand Differentiation

In the business world, differentiation is often viewed as a necessary condition, to gain competitive advantage over rival firms (Pehrsson, 2009). Implementing a differentiation strategy is perceived as providing the opportunity to obtain unique or at least superior access to resources and customers. MacMillan and McGrath (1997) have recognized that

"Most profitable strategies are built on differentiation: offering customers something they value that competitors don't have". Since customers are responsive to differentiated products/services, it is therefore important to design differentiated products/services appropriate from the customers' perspective (Pehrsson, 2012).

Wooliscroft, Tamilia, and Shapiro (2006), argued that brand differentiation is the main determinant of power that a firm has at the marketplace. Despite competition, a seller who offers a differentiated product that is, a product that is seen by buyers as distinctly different from others, does actually occupy a position of monopoly power in the market. Brand loyalty is a key variable in any company's success because without it, a constant and steady inflow of cash for a firm is at risk, especially in situations where firms face stiff competition from their rivals. Brand loyalty is created when customers' expectations as to the quality of the products being offered are satisfied by the purchases the customers make so that a re-purchase from same brand becomes a norm (Chamberlin, 1933).

Brand differentiation is examined from the perspectives or aspects of product quality, innovation, design, and cost. Brand loyalty arises from product repurchase, business referral, advocacy, willingness to pay premium price and from customers' reluctance to switch from accustomed products.

2.1.2 Brand Differentiation Strategy

In today's business environment, one of the most important marketing strategies deployed by businesses is the 'Differentiation strategy'. With the marketplace filled with different brands, large varieties of products and very loud advertising noise, it can be very difficult but ultimately very necessary to differentiate your brand from competition. In order to achieve this, different top brands and industry headliners use differentiation strategy for their products, and they are intentional about it. There are various ways to put the toga of distinction on your product through the use of a differentiation strategy

Innovation / invention:

The best way to implement differentiation strategy is to invent or innovate. By innovating or inventing, you become the market leader because your product is the pioneer in the market. Inventions are, of course, difficult and require regular Research and Development (R&D) expenditure. Even with that, many companies, especially technological brands, put premium on innovations because they are more practical and invaluable as a differentiation strategy. Apple, Google and Microsoft are some of the brands that speak for this.

Product-level differentiation strategy:

Differentiation strategy can be executed at product level too, and this is known as product differentiation. Using the tourism industry as an example; tour packages of all companies are different, each with its own differentiating factors. Some give international tours, whereas others may focus on national and regional tours only. Thus, by incorporating product differentiation strategy at product level, the brands can use differentiation strategy to position themselves different from competitors, in the eyes of the customer.

Price differentiation strategy:

The most used form of differentiation strategy is price differentiation. In the above example of tour packages, some brands might give the luxury package whereas other brands might give a cheap and affordable pricing. Mobile phone companies like Samsung and Apple target the cream segment whereas brands like Itel, Tecno and Infinix target the price sensitive segment. Price segmentation can be the biggest differentiation weapon in the hands of marketers.

Branding:

The promotion mix, as well as marketing communications of a company plays a crucial role in the differentiation strategy of its product. Many brands rely heavily on their branding efforts to convert customers to their products. A brand's promotion mix helps it to target the correct segment and hence plays a crucial role in differentiation strategy.

Packaging:

If you go to any publications and ask them what are the critical factors in selling a book, the publication agency will say that, after the story of the book, the top cover of the book plays a critical role in the success of the book. In fact, many a times, customers might buy a book based on the top cover. Thus, packaging is important. The same can be seen when you enter a store and you see shelves stacked with different types of products. At such a time, the colour, the packaging, the taglines, the ease of handling can play an important role in converting the customer to the brand.

Pre and post-sales service:

Word of mouth marketing is another product differentiator and all brands targeting a niche audience know the importance of word of mouth marketing. And how does word of mouth marketing happen? This is done through very good pre and post-sales service. Ever heard a friend say that not only does the restaurant serve good food, but the service and the ambiance are awesome as well? If your service is beyond customers' expectations, then that can be a big boost to your differentiation strategy

Point of customer interaction:

There are different categories of customers. A brand has to ensure that it takes care of all kinds of customers, when they interact with the company. For this, point of interactions is important and any brand willing to be the preferred choice of customers, must ensure that they get good experience whenever they interact with the company. This should not be a once-in-a-year customer-service week thing. A service company which does not have good interactions with its customer will always suffer in its profits and operations.

User convenience:

The banking industry shows us an example of how User convenience is a good differentiation strategy. The banks differentiate themselves with the different types of banking services and products that they offer, all aimed at making banking convenient and stress free (although a good number of them still fall short of what they advertise). But it is an excellent example of differentiation through user convenience.

Offer variety of products:

Another way to implement differentiation strategy is to attack the psychology of the customers. Many a customer will tell you that they picked a brand just because the brand had more variety in the number of products it offered. Customers like to have varieties to enrich their assessments and choices. Thus, the more variety of products offered, the more chances a brand has of getting a higher positioning in the mind of the customers and therefore, differentiating itself from competition. This is a high investment strategy, because you need to invest in a product line, but it is useful and profitable in the long run.

Emotional Response:

This relies on providing an emotional salience that is tied to a product or service. We have found that brands that develop an emotional connection with their customers are often better positioned that those that provide a superior value. For example, Coke's advertising often appeals to emotion in order to establish a stronger connection with consumers. Their "Share a Coke Share a feeling" and ''Hug me'' campaigns illustrate just two of the ways that the company uses to evoke an emotional response.

Brand Presentation:

How a brand presents itself to the market can be a differentiator. In this case, brands that employ a consistent character or mascot can be easily remembered and stand out in the crowd. The use of mascots can be particularly powerful when humour is used to shape brand perceptions. A prime example is Geico's use of an animated lizard, which has nothing to do with insurance but has come to represent, and be strongly associate with, the brand over time.

Unique Experience:

This can be manifest in several ways such as a brand's physical retail presence, exceptional customer service, ease of use of their website, the novel environment that they create, or, simply, the experience of unboxing a product. Build-a-Bear offers children (and children at heart) the ability to custom design their own stuffed animals by selecting the colour, style, size and even the amount of stuffing their animals contain. The experience the company offers is unmatched when it comes to toys.

Create exclusivity:

Another aspect to the product differentiation examples above is an air of exclusivity. When you highlight attributes like quality and craftsmanship, this evokes a sense of luxury and value. Take it a step further with limited editions of your best product designs. By offering a select group of products at higher price points and teaming this with an effective marketing strategy, you'll create consumer demand.

Connect to a special event:

A final way to fire up your brand is to link it to a specific event or special occasion. For example, Cadbury's has positioned itself as being synonymous with Easter due to its ubiquitous crème eggs at that time of year. Similarly, jewellery companies associate themselves with anniversaries and Valentine's Day by creating the idea that diamonds equal romance.

Whether it is through emphasizing the quality of your products or forging an emotional connection with your audience, these are just a few ways to grab attention and differentiate your brand. The key is to create unique selling points that make you stand out from competition in a positive way, with a vision that buyers can relate to.

2.1.3 Concept of Competitive Advantages

Korsakienė (2012) argues that the competitive advantages include positional and performance advantage relative to competitors due to the business held and distributed resources and capabilities advantage. Therefore, the competitive advantage is defined as a significant advantage over its competitors due to the cost allocation and the results of the operation of which depends on the positioning strategy. The competitive advantage in preventing the acquisition of goods or service provider to relax, because competitive advantage can be copied. Competitive wars are going on constantly, so there's no guarantee that competitive advantage will be maintained for long (Sekliuckienė, Langvinienė (2011)). Duncan, Gintei, Swayn (1998) stated "assess the extent of the competitive advantage or disadvantage possessed by each of the identified strategic resources and capabilities. Alternative values are assigned according to the following definitions;

Inadequate: The resource or capability is below the minimum required to be in the business.

Adequate: The resource or capability is the minimum required to be in this business or to minimally compete.

Attractive: The resource or capability is better than the minimum required to compete but does not represent a particular advantage (or disadvantage in the case of a weakness). It will merely get the attention of appropriate individuals.

Potential: The resource or capability is sufficient to attract attention and represents an important strategic consideration.

Competitive: The resource or capability represents a clear competitive advantage/disadvantage relative to members of the strategic group.

Distinctive: The resource or capability cannot be duplicated by competitors.

Table 1 Concept of Competitive Advantages

Author	Concept of competitive advantage
Porter (1980)	Competitive advantage is at the heart of a firm's performance in competitive markets. Competitive advantage means having low costs, differentiation advantage, or a successful focus strategy. Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.
Saloner, Shepard, Podolny (2001)	Most forms of competitive advantage mean either that a firm can produce some service or product that its customers' value than those produced by competitors or that it can produce its service or product at a lower cost than its competitors.
Wang (2014)	Competitive advantage is obtained when an organization develops or acquires a set of attributes (or executes actions) that allow it to outperform its competitors. The development

	of theories that help explain competitive advantage has occupied the attention of the management community for the better part of half a century.
Ghemewat (1986)	The competitive advantage is more sustainable the greater the number of sources of cost or differentiation advantages.
Barney (1997)	The competitive advantage is considered sustainable if those resources are also non imitable (i.e., cannot be easily duplicated by competitors), non-substitutable (i.e., other resources cannot perform the same function), and non-transferable (i.e., cannot be acquired in the marketplace).
Hunt (2000)	Modern business strategy maintains that the strategic imperative of a firm should be sustained, superior financial performance and the belief that this goal can be achieved through a sustainable competitive advantage in the marketplace.
Kay (1993)	Competitive advantage is a deceptively simple idea of assessing a company's capabilities and market position by how they give it advantage relative to competitors'.

	Competitive advantages are ephemeral and only worth as much as the value that the market places on them.
Powell (2001)	Competitive advantage has generated a large volume of scholarly output, both theoretical and empirical; firms do, by all accounts, attempt to identify, create and leverage competitive advantages; and competitive advantage is universally accepted in strategic management courses and textbooks as an essential concept in strategy.
Urbancová (2013)	The innovative activity of organisations significantly influences competitiveness which is based on inimitable skills and abilities. Achieving a higher competitiveness by means of innovations means producing less costly products of better quality compared to those manufactured by competitors.

Hanningtone, Struwig, Smith (2013) stated that Competitive advantage is sustainable when rival firms give up plans to imitate the resources of the competitors or when barriers to imitation are high. When the imitative actions have come to an end without disrupting the firm's competitive advantage or when it is not easy or cheap to imitate, the firm's competitive strategy can be called "sustainable".

2.1.4 Creating Competitive Advantages

Every company that wants to be competitive must pay proper attention to its competitors, to investigate them, as well as understand the target customers. In order to gain an advantage over the competition, it is important to present such proposals that fulfil the needs of the target users to a greater extent than the competitor offers. When choosing a marketing strategy, the company needs to take into account competitors' strategies and target the needs of users, so it is of utmost importance to analyse the competition. Competitor analyses are the following:

• Companies setting their competitors: Competitors, companies offering the same services or products to the same customer groups by offering a similar price. Also, competitors may be considered to be companies that are not only produce similar or identical goods and services, but also meet the same needs.

• Competitor definition of the objectives: It is important to find out not only the competitor's profit targets, but also how important are competitor market share growth, service, technological leadership and other targets.

• Competitors setting strategies: Must know the characteristics of competing products, quality, range of prices and their policies, the subtleties of customer service, sales incentive programs and distribution chains. It is also necessary to study the competitors in product development and research, purchasing, finance and production strategies.

• Competitor assessing strengths and weaknesses: The Company has to find a few years' information about its competitors, identify their goals, strategies and operational efficiency. Intentions to obtain the necessary information are the primary customers, dealers and suppliers of marketing research. In search of flaws competitors, the company has to look for any assumptions about their competitors or business inefficiencies in the markets.

• Competitor retaliation rating: Some of the actions of competitors react slowly, thinking that they have loyal customers pay, quickly identify the behaviour of competitors or does not have a sufficient budget to respond to them. Others react to price reductions, but pay attention to the intensification of advertising competitors, other companies in all actions of the competitors react instantly and do not allow them to occupy the market, but there are also those whose action is unpredictable, even on the basis of economic, historic or other data.

• Competitor Selection: When a company wants to use the least possible time and resources, it uses weak competitors, but in order to reveal their potential and get a higher return, seeks to overcome stiff competition. Some competitors behave as expected, in compliance with industry rules to ensure market stability, are able to set prices according to costs, encourage other companies to reduce prices or increase differentiation. However, the other competitors in the market are not winning, but buying, strong risk, deliberate trying to destabilize the industry.

The company that wants to create for itself an effective marketing strategy must get much information about its competitors. It is important to constantly analyze the differences between the major competitors and their products, pricing, sales support programs and distribution chains. In carrying out these actions the company determines its own potential strengths and weaknesses and becomes more effective in its marketing campaign against the competition.

According to Kotler (2012), in the competition it is important to develop competitive strategies that would stand out from its competitors, but firstly it is essential to know its market position, goals, capacities and resources. Kotler distinguishes four different positions:

The Leader: The Company that owns the largest market share in the industry. The Other Company adapts to its new products, price changes, product distribution and support.

Contender: for the leader its industry is in the second position only to the leaders trying to capture a larger market share, attacking the leader.

Follower: The company does not want to change the situation in the market and will maintain the current share of the market, fearing more to lose than gain profit

The Niche Filler: Services to small segments of the market, other companies go unnoticed or ignored.

This market position specifying the strategy take the company or it could be viewed as a dangerous competitor to the market leader, and it only serves the remaining segments, which are not relevant to large companies governing market conditions and constantly seeking to conquer the rest of the market, as the competitive struggle never ends. Competitive advantage is divided into 3 strategies:

Pricing Strategy: Important for companies that produce and sell standardized products. The idea is to reach a huge market and audience. In order to take this strategy requires significant investments that help increase productivity, and improved product manufacturing processes of the organization, interspersed products.

Distribution Strategy: Includes the company, which produces and sells strongly individualized goods. As products and services are unique, this strategy allows the firm strongly dominate and also promote the growing attention and an advantage over the competition.

Recollection Strategy: This strategy allows the company to focus on narrow market segments in which it will try to become superior to the competitors, optimizing the allocation price. These strategies take small and medium-sized firms, in order to avoid direct contact with stronger rivals.

In summary, it can be said that competition is the engine that encourages companies to quickly respond to arising situations and adapt to the environment, to follow competitors' actions and mistakes, share and learn from others. This is a business basis, which drives companies to grow, innovate and of course to meet the changing needs of their customers. Various scientists do not agree on a precise definition of competitive advantage but they reveal a variety of factors, and analyze them in various aspects. It is argued that competitive advantage is influenced by the factors such as infrastructure, the complexity of the business, labour and goods market efficiency, financial market complexity, innovation, technology, institutions of higher education and training, and macroeconomics. It is also believed that equally is important for both external as internal factors. These factors determine whether a company is able to defeat its rivals and lead the market. Competition has its theoretical models and competitive advantage in the development of strategies as part of the targeted help companies gain a competitive advantage over the competition. It is important to regularly monitor and examine the target competitors' strategies to quickly respond to their actions in order to grasp how to overcome them and find themselves in the leadership position it, to survive and conquer the market.

Determination company's competitors	Competitor goals definition	Competitors' strategies definition	Competitors' strengths and weaknesses evaluation	Competitors' responses evaluation	Deciding which rivals attacking and dodging

Figure 1. Competitor analysis phases (Kotler, Armstrong (2012))

2.1.5 Model Competitive Advantage

Companies are constantly looking for the ways to make their operations more efficient try to make their products more competitive and at the forefront of the market, to attract more long-term customers. Manufacturing of its products is the fight for customers, discussed how best to adapt and meet their needs. Therefore, it is important to analyze and figure out a company's competitive advantage model for carrying out its activities. Mr Porter - one of the first scientists who analyzed in detail the competitive advantage of its resources and formed the five forces model. (Fig. 2) According to this model, the researchers investigated the possibilities of competitive advantage. Analysis to evaluate the factors that determine the competitiveness of the essence and growth.

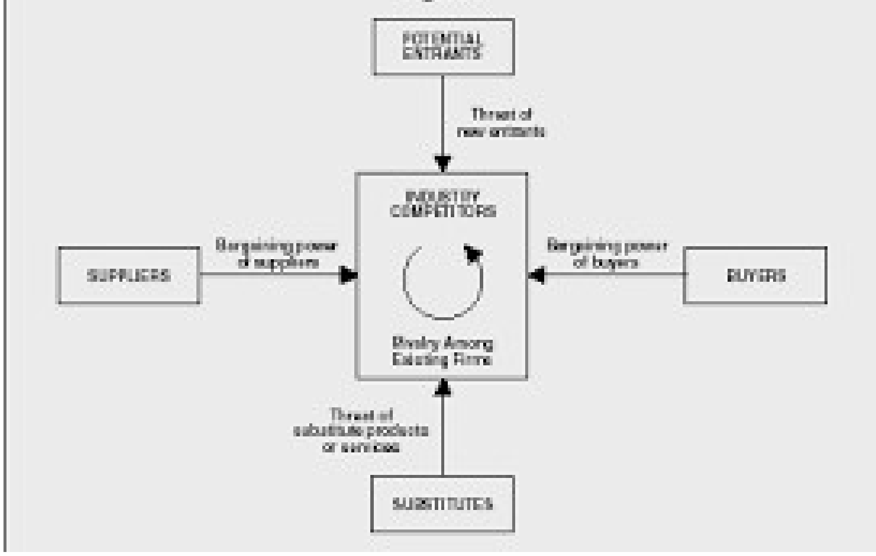
Each of these five forces (suppliers, new competitors, customers, substitutes, and existing competitors in the market) are considered structural factors: threat of new competitors, the bargaining power of buyers, bargaining power of suppliers, threat of substitutes. These factors affect the country, the company and the industry in competition. It is important to imagine what could create barriers to competitors that the company at the forefront and would not force out of the market; which must be buyers and suppliers that do not express their dissatisfaction and do not claim against the requirements; as customers to assess the company, its products and services, which may see advantages against competitors' products, the operation of competition with other companies. Following the analysis of all these factors and their parts it is easier to get a competitive advantage.

This model shows in which areas the company, industry or country is superior to competitors, and how it is best used.

Threat of New Entrants

- Economies of scale
- Product differentiation
- Brand identity/loyalty
- Access to distribution channel
- Capital requirements
- Access to latest technology
- Access to necessary inputs
- Absolute cost advantages
- Experience and learning effects
- Government policies
- Switching costs
- Expected retaliation from existing players

Figure 1



Bargaining Power of Suppliers

- Number of suppliers
- Size of suppliers
- Supplier concentration
- Availability of substitutes for the supplier’s products
- Uniqueness of supplier’s products or services (differentiation)
- Switching cost for supplier’s products
- Supplier’s threat of forward integration

- Industry threat of backward integration
- Supplier’s contribution to quality or service of the industry products
- Importance of volume to supplier
- Total industry cost contributed by suppliers
- Importance of the industry to supplier’s profit

Bargaining Power of Buyers

- Buyer volume (number of customers)
- Size of each buyer’s order
- Buyer concentration
- Buyer’s ability to substitute
- Buyer’s switching costs
- Buyer’s information availability
- Buyer’s threat of backward integration
- Industry threat of forward integration
- Price sensitivity

Threat of Substitute Products or Services

- Number of substitute products available
- Buyer’s propensity to substitute
- Relative price performance of substitutes
- Perceived level of product differentiation
- Switching costs
- Substitute producer’s profitability & aggressiveness

Rivalry Among Existing Competitors

- Number of competitors
- Diversity of competitors
- Industry concentration and balance
- Industry growth
- Industry life cycle
- Quality differences

- Product differentiation
- Brand identity/loyalty
- Switching costs
- Intermittent overcapacity
- Informational complexity
- Barriers to exit

Figure 2 Porter's five forces model (Porter (1990)

According Korsakienės (2011), the integrated competitive advantage model based on the following aspects: competitive advantage due to environmental factors, focusing on the actions of competitors and consumers; resource-based theory of competitive advantage that objects the company's resources and skills; forming strategic alliances based on assumptions. Competing firm’s simulation assumptions constitute barriers competitive position in the market. Simulation barriers include: organizational culture, information asymmetries, management skills, etc.

This model shows that by combining resources and capabilities with the external environment they become directly involved in strategic alliances in the formation of the appearance thanks to predatory, increases productivity, creates new resources and skills, as well as new products, services, markets, and significantly reduces the risk of . It conveys the link between the company's valuable resources and skills, simulation barriers and factors affecting the industry. This model provides an opportunity to examine the continuing competitive advantage in speed. By acquiring and maintaining a competitive advantage the company can focus on the coordination between the internal and external environmental factors, resources and cooperation.

2.2 Theoretical Review

Theoretical foundation of this study was drawn from Resource Based View (theory). The resource based theory refers to how organizations could achieve competitive advantage through the possession of valuable and rare resources that other competitor cannot imitate (Takeuchi, Lapak, & Wang, 2007).

Barney (1991) asserted that a firm is said to have a sustained competitive advantage when it implementing a value creating strategy not concurrently being implemented by any competitors and when these other companies are not able to duplicate the benefits of such strategy. Therefore, it establishes the need for an organization to consistently create valuable set of resources and bundling them in an exceptional manner in order to achieve organizational success and competitive advantage.

2.2.1 Disaggregate Discrete Choice Theory

The analyses in this theory are done using aggregate models that assume that all consumers have the same preferences. The outcome of the analyses gives a model of choice behaviour of a representative or average consumer (Renken, 1997). In most cases, consumers' preferences on brands differ greatly in terms of the features they look for, packages they prefer, response to price changes, promotions, etc. These differences lead consumers to fall into small homogeneous groups (segments) which can lead the marketing manager to know the behaviour of each of the segments hence helping the manager decide on which segments to target and the marketing strategy that can appeal to the targeted segments. Disaggregate discrete choice model takes into consideration of various market segments that emerge because of the great differences that consumers portray in choosing the brands to buy. It provides a more accurate representation of consumers while at the same time allowing marketers to cluster consumers into segments with similar choice behavior. This paper will therefore be based on disaggregate discrete choice theory since it focuses more on how consumers make their choices given the variety of differentiated products that they are exposed to in the market and how companies target these consumers differently.

2.2.2 Brand Loyalty Theory

Brand loyalty is a positive biasness that an individual show in responding to a branded, labelled or graded product as the consumer, the selector or the purchasing agent. The biasness can be as a result of affection, evaluation or reaction that the individual portrays towards a product (Sheth and Park, 1974). This definition tends to differ from several other definitions of brand loyalty which focus more on repeated buying behaviour. Sheth and Park (1974) summarized the differences as follows: The limitation of brand loyalty is not only in situations whereby consumer's reactions in terms of product purchase is the only focus when measuring brand loyalty. This is because loyalty toward a product can occur in situations where consumers have never bought the brand or product. For instance, children may be loyal to a brand because of their consumption experiences as opposed to buying experiences. Hence, brand loyalty may arise by learning from information, imitative behaviour, and generalization and consumption behaviour and not from buying behaviour experiences.

Brand loyalty is anchored on repeat purchase buying behaviour even though the consumer or the buyer may have no evaluative (cognitive or attitudinal) structure underlying his brand loyalty. However, one can observe emotive tendencies (affect, fear, respect, compliance, and so forth) associated with this type of loyalty. The loyalty can occur at the non-behavioural level (emotive or evaluative level) for the products which are never bought by some consumers. It is possible for instance, for urban residents to be positively attracted emotionally towards high-end residential houses although they may not purchase them. On the other hand, some customers may have positively biased non- behavioural tendencies towards certain vehicles, mobile phones, electronics etc. even though they may never buy them.

There are three different dimensions contained in the definition of brand loyalty namely emotive tendency, evaluative tendency and behavioural tendency. Emotive tendency is the affective (like-dislike), fear, respect or compliance tendency which is systematically exhibited more in favour of a brand than other competing brands. Evaluative tendency towards the brand is the positively biased evaluation of the brand on a set of criteria relevant to define the brand's utility to the consumer. This therefore means that the evaluation criteria focus on the features of the product that are relevant to the consumer. Behavioural tendency, is the biased positive reaction that a customer has towards the brand with regard to searching, buying and consuming it.

The theory holds that it is not every circumstance where there is brand loyalty that all the three dimensions may necessarily be found. Brand loyalty dimensionality can be a simple one made up of any of the three scopes, one or a complicated one including the three scopes but this is dependent on the product class and the consumer.

2.2.3 Resource Based View Theory

Strategic management is heavily influenced by the resource-based theory (RBT). It has been widely used as a managerial framework to identify essential resources for a company to attain a continuous competitive advantage. The theory offers a crucial framework for explaining and forecasting the basics of a company's performance and competitive advantage. When Penrose (2009) provided a model for the efficient management of organizations' resources, diversification strategy, and productive prospects, he introduced Resource-Based Theory (RBT) for the first time. The idea that a corporation should be viewed as a coordinated collection of resources that can be used to address and tackle how it may achieve its objectives and strategic behaviour was originally put forth in Penrose's publication. In the 1980s, RBT first took shape. The Theory of the Growth of the Firm was RBT's predecessor. Later, in the 1990s, Jay Barney's work became a key component in the development of RBT and the prevailing paradigm in strategic management and strategic planning. RBT offers a framework for highlighting and forecasting the core elements of organizational performance and competitive advantage (Alamanos, 2022).

In contrast to past managerial interest in the industry structure, which was viewed from a more macro viewpoint, RBT focused on the firm's performance from a meso perspective. Starting with the premise that organizational traits are not merely updated, RBT theory assumptions make this assumption. To prosper and gain a sustained competitive advantage, the organization must change its orientation. According to Porter's (1989) theory, which is the prevalent paradigm for estimating a company's potential for profit, a firm's internal characteristics, such as its resources and capabilities, influence its profit. By directing the transformation perspective of the resource-based view into a developed theory as RBT, Barney's foundational work on strategic resources from 1991 constituted the core contribution to RBT. Traditional RBT, however, does not go into detail as to why and how some businesses are able to maintain a competitive edge in the face of unforeseen and quick change (Alamanos, 2022).

The emergence of a more comprehensive RBT perspective implies that businesses can gain a competitive edge not only by utilizing critical assets, but also by developing new potential capabilities through learning, skill development, and the gradual accumulation of tangible and intangible assets over time. According to the rationale based on resources, if only a few companies have access to valuable resources (i.e., resources that are expensive and difficult to replicate), those companies that are able to manage those resources may be able to sustain a competitive advantage. Consequently, businesses can gain an advantage by continuously fusing or reconfiguring various types of resources and by developing new applications to satisfy market demand. According to the resource-based theory, which is relevant to this study, good brand positioning and competitive advantage can be achieved through wise use of corporate resources (Alamanos, 2022).

2.3 Empirical Review

Dirisu, Iyiola and Ibidunni (2013) studied the association concerning brand differentiation and ideal organizational performance of Unilever Nigeria PLC. Their objective was to establish whether brand differentiation strategy can lead to achievement of competitive advantage while influencing organizational performance within the manufacturing industry. A significant positive relationship was found to be existing between product differentiation and organizational performance. However, it is worth noting that brands are built by customers and not companies hence it is important to consider what would make consumers to continue using a company's product or referring other people into use it. On the other hand, Valipour, Birjandi and Honarbakhsh (2012) examined the relationship between cost leadership strategy, product differentiation and firms' performance accepted at Tehran Stock Exchange. Its purpose was to investigate the business strategies effects on the financial leverage and company's performance relationship. Analysis of the findings led the researchers to conclude that a positive relationship exists between product differentiation and firm's performance. Whereas the study considers product differentiation as a critical component of the firm's performance, it fails to bring the customer into perspective, hence leaving a gap as to how the firm's performance is achieved.

Nolega, Oloko, Sakataka, and Oteki (2015) investigated brand differentiation strategies' effects on firm product performance. This was a case study of Kenya Seed Company (KSC) in Kitale. The study findings indicated that a positive relationship exists between brand differentiation and a firm's performance and its sales growth. This study was focused more brand differentiation and firm's performance relationship. The findings are not clear on whether the firm's positive performance is as a result of the loyalty that agents and staff have on the various brands of seeds that the Kenya Seed company distributes to farmers. This therefore gives a gap as to whether differentiated products can lead to brand loyalty by consumers. Shafiwu and Mohammed (2013) studied on brand differentiation effects on profitability in Ghana's petroleum industry. The findings indicated that brand differentiation and profitability in Ghana's petroleum industry have a positive relationship. Therefore, it implies that firms that differentiate their products are likely to better their profits.

Arasa and Gathinji (2014) sought to examine the relationship between competitive strategies and firm performance. Rahma (2011) studied on service differentiation to achieve competitive advantage. The focus of the study was on how airlines differentiated their services to fulfil the physically challenged persons' needs. The study aimed at enriching understanding of how airlines can distinguish their services and achieve competitive advantage by satisfying the needs of physically challenged individuals and to develop the model of the same. According to the findings of the study, differentiation of the airline services to suit the physically challenged persons' needs was found to be a source of competitive advantage to these firms since this niche market is growing. Kimando, Njogu and Sakwa (2012) studied the analysis of the competitive strategies employed by private universities in Kenya. Their objectives were to determine how technology has been employed as a competitive strategy by private universities and also to determine how these universities attain competitive advantage by use of a differentiation strategy. The findings of the study indicate that use of a differentiation strategy has enables these universities to gain a competitive advantage which has made them to stand out from the public universities.

2.3.1 Relationship between Brand Differentiation and Brand Positioning

The majority of marketing plans employ both of the concepts of positioning and product differentiation, which are crucial components of a marketing plan. The goals of product positioning and differentiation are identical, despite the fact that they differ in a few significant aspects and occur at slightly different points in the product life cycle. Both are especially significant in markets where a product has a number of rivals. Common differentiation tactics aim to highlight a product's value, quality, or originality to consumers.

As an illustration, a value differentiation approach based on value could highlight how the product offers a strong financial value when compared to rivals. The differentiation method may be more theoretical than practical in fields like insurance or among network providers. After establishing these distinctions, marketing works to come up with strategies for positively positioning the product in comparison to its rivals in the eyes of potential customers. The marketing and promotion strategy manipulates symbols, such as those seen in displays and packaging, and delivers personalized messages intended for the demographic most likely to value the product being advertised. In order to get the attention of potential buyers, the differentiated product is positioned in the market in certain ways and locations. To influence how consumers, view the product, this positioning is used. Product positioning is more focused on the marketer's intended audience than product differentiation, which is typically product-specific. A brand might, for instance, align itself with well-known TikTok stars or celebrities if it wants to appeal to a younger Millennial or Gen Z audience and seem more current. The product will fail if it is targeted at younger audiences that don't wash their own laundry, even if the laundry detergent brand is the best on the market. Differentiation is a marketing tactic used to distinguish a product from similar ones on the market through the addition of one or more significant, distinctive, and appealing differences in terms of design or actual usage. Positioning is a marketing tactic used by businesses to establish a particular position for a product in the minds of customers, both current and potential. The goal of differentiation is to draw clients and persuade them to choose your product above rivals' offerings on the basis of extra or distinctive attributes, whereas the goal of positioning is to occupy a certain space in customers' minds. It strives to define how consumers view your products, and it accomplishes this by making consumers aware of the supplied product's numerous, distinctive features in terms of appearance, functionality, and design.

Differentiation is more audience-specific than positioning, which is more audience-specific in that it focuses on the audience rather than the product or service being marketed. Positioning aims to change how buyers perceive a particular product or service. Customers that the marketers are trying to reach will find it more relevant. Differentiation may be based on a product's performance, qualities, quality, benefits supplied, or uniqueness, whereas positioning is based on the product's promotional elements and is carried out by placing items as being superior to other comparable products on the market.

Positioning and differentiation are two linked concepts that come after each other and are of utmost importance in a company's marketing plan. Since each product or service is positioned according to its own traits or qualities, they are both related to one another and have the same goal despite their variances. Only when it successfully establishes a place for the product being sold inside the target market is differentiation said to have been successful. All industries can benefit from the differentiation and positioning principle, but a market with lots of competition is where it is most crucial. Making customers aware of what we can offer that others can't, as well as the ways and reasons why our product's distinctive capabilities benefit them, is the goal. Keep track of sales figures and customer engagement with your product to determine whether it is unique and strategically positioned. Last but not least, if the results are unsatisfactory, further investigation and modifying or adding one or more additional elements might be effective.

2.3.2 Brand Strategies for Competitive Advantage among companies in Nigeria

The strategic methods for acquiring and maintaining competitive advantage vary between businesses, industries, and countries, and it appears to be elusive. This has caused options to become more polarized and opinions to diverge, as well as different recommendations. It is difficult for businesses engaged in a variety of business operations to choose the optimal course of action for preventing strategic drift or flux due to the disparity in approach and recommendations. Additionally, concepts relating to the creation and application of a collection of traits that enable competitors to succeed, industrial superiority above industry average, and excellence differ from the definition of competitive advantage and terminology used to describe it. The ambiguity in meaning and usage equates competitive advantage with competitive success. Operations must be reengineered in order to increase an organization's ability to fight for a restricted number of consumers and market share with goods that both meet and surpass customers' expectations due to changes in the business environment, hyper-competition.

Egwakhe, Falana, Asikhia, and Mgaji conducted a study in 2020 that focused on a few flour mill enterprises in Lagos State, Nigeria, to assess the impact of business strategies on competitive advantage. The findings demonstrated how company strategies, such as product differentiation, market expansion, business diversification, and regrouping, significantly impacted competitive advantage. In terms of statistical significance, direction, and relative effect, the individual effects vary. To the exclusion of cost leadership and backward integration, which had negative effects on competitive advantage, product differentiation, market expansion, business diversification, and regrouping all demonstrated positive and significant benefits on competitive advantage. Accordingly, the study came to the conclusion that firms should prioritize implementing product distinctiveness, geographic market expansion, portfolio diversification, and regrouping. The adoption and exploitation of the findings may call for some degree of care even though they cannot be generalized and their applicability in other industries where competition is just as fierce.

Abubakar and Mohammed conducted a study in 2019 to look at the connections between competitive advantage and product line strategies in the Nigerian food and beverage industry. According to research findings, all four hypotheses were found to be valid, indicating that product line strategies have a considerable impact on the competitive advantage of food and beverage enterprises in Nigeria. To find the ideal product line in the food and beverage industry, the study incorporated the characteristics of product line strategies. It offers a manual for choosing the combination of product line strategies to employ in order to obtain competitive advantage to the decision-makers of Nigerian food and beverage companies. Through its advocacy for changing product line strategies, it also acted as a guide for potential investors in the food and beverage sector to make an informed choice that can strategically increase efficiency and effectiveness.

Otubanjo conducted research in 2018 to determine the essential elements for the growth of a strong entrepreneurial brand. Additionally, it shows how these aspects relate to one another and emphasizes the competitive advantage that may be gained by putting these factors into practice. In this investigation, two conclusions are drawn. The first presents a combination of 14 marketing- and business-focused problems that lead to the crucial success criteria required for the creation of a strong entrepreneurial brand. The second discovery proposes “a powerful entrepreneurial brand development model,” which provides a step-by-step explanation of how a strong entrepreneurial brand might be established. This model can be used as a blueprint for business owners and senior managers who have an entrepreneurial mind set to create strong business brands.

Barinua and Harry conducted research in 2022 to look at how bottled water manufacturing businesses in Rivers State, Nigeria, might increase their efficiency while maintaining their competitive edge. According to the study, efficiency growth has positive and notable implications on competitive advantage. Therefore, it is advised that management engage in strategic plans that will encourage efficiency improvement and efficiently manage and employ organizational resources in such a way that allows for service quality, inventiveness, and market focus in organization for economy growth. Additionally, organizational management should foster an environment where managerial skills (such as technical skills, conceptual skills, human skills, and informational skills) can be improved in order to achieve a competitive edge.

In 2020, Adefulu, Asikhia, Makinde, and Alao carried out research to determine the impact of strategic marketing (SM) on the innovation culture (IC) and competitive advantage (CA) of a few petroleum product marketing firms in Lagos State, Nigeria. The study concluded that there was a significant impact of strategic marketing dimensions (marketing orientation, marketing analysis, marketing planning, and marketing decision) on the innovation culture and competitive advantage of the chosen petroleum products marketing companies in Lagos State, Nigeria based on the findings produced by data analysis. In order to grasp the changing demands and expectations of its customers, petroleum marketing organizations should develop new understanding techniques. Therefore, it is advised that they be proactive in developing a cutting edge through innovation as market new needs emerge and converting them into values for consumption in advance of rivals in the market. Managers need to develop strategic thinking and market understanding skills in order to increase Nigeria's degree of competitiveness in the downstream oil and gas industry. The greatest way to harness and utilize resources in order to improve capabilities and get a competitive edge will emerge from this.

2.4 Gap in Literature

The positioning concept and suggested guidelines are important for the academics and students for study and would provide scope for further research. Practitioners should be able to get some directions for appropriate positioning of their products. This study suffers from several limitations which should also be considered. One limitation of this study is the context of the study. This literature review is based on prior studies where majority of the studies were based on the Western context and hence the findings of this study on positioning which are highlighted here might be more effective in the context of the Western context and might not be directly generalised to some part of developing countries. Some of the suggested ways to position a product might not be applicable to all industrial sectors and to all product categories.

This study is based on the limited number of articles/books/research studies that I managed to collect or download. There may have some other important studies which were overlooked and hence not reviewed. Hence further review based on more in-depth analysis might develop the findings of this study.

This paper aimed at bringing to light the relationship that exists between brand differentiation, positioning and competitive advantage for various brands. It is believed that companies that differentiate their products add value to these products making them attractive to the existing customers as well as potential customers. These sentiments are supported by Alderson (1957) and Chamberlin (1933) in their views as to what product differentiation is.