

Promotions and Comparative Advertising—Key Elements in Positioning Fast Moving Consumer Goods

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The development of communication and globalization has put a great pressure on companies in clearly expressing their product brands positioning, whether it is due to the considerable evolution of interpersonal communication and social media, or due to the variety and promotions of other brands in the market. This article is a literature review on the influence of comparative advertising and price promotions on brand positioning so that marketers position their brand in the consumers' mind in line with the company's perspective. They must take into account how the brand is situated next to the most notorious brand in the market and the current share of the brand in the market, and how price promotions will affect the medium and long-term positioning of the product brand. Results will show that indirect, comparative advertising is the most recommended option in achieving most effective positioning results, while promotions should have a limited duration and be less connected to the price of more added value.

Keywords: advertising, comparative advertising, promotion, brand positioning, communication

Introduction

In recent years, companies have been facing increasing pressure to create an efficient positioning of the products they sell. This is owed to globalization, which has intensified market competition, as well as to technical evolution, which led to the development of Internet and online communication. As such, it is important that companies analyze carefully their products and corresponding markets, compare them to the main competition, and assess the impact of promotional offers.

This paper will start with analyzing the importance of international brands and the influence of global culture on consumer behavior, followed by the details to be taken into account when discussing the positioning of fast moving consumer goods. Because of their nature and consume habit, the decision of choosing such a product is taken at a very late stage, more specifically, in front of the shelf. Next chapters will analyze the effectiveness of comparative advertising and assess most efficient promotions in order to maintain correct positioning.

Since the 1970's, in order to achieve the goal of accurate positioning many marketers have adopted a new type of communication and advertising in the form of comparative advertising. The main purpose of this method is claiming the superiority over competition on some specific attributes. Although there are authors

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who consider comparative advertising to be an inefficient, unproductive, and unprofessional approach (Rogers & Williams, 1989; Gorn & Weinberg, 1984), many studies have proved that it is a great method to grow less notorious brands (Pechmann & Stewart, 1990) and intensify the positioning of an advertised brand (Pechmann & Ratneshwar, 1991; Thomson & Hamilton, 2006).

In this article, the effectiveness of price promotions and their influence on positioning have been examined. With the increase of competition many sales managers tend to resort to price promotions in order to boost sales, but it is important to take into account how this affects the brand based on the length of the promotion campaign (Strang, 1980) and the positioning of the brand and the type of product sold (Bainbridge, 2007).

Method

This study has considered relevant articles from well-known data bases: JSTOR, Springer, Emerald Insight, Ebsco, and Wiley Online Library, but also from Google Scholar. The research was conducted between March and May 2016 using the keywords: advertising, comparative advertising, promotion, brand positioning and communication. Only English language original articles providing empirical results were considered, with no restrictions as to the publication year. The article is aimed at scholars in the fields of marketing and communication as well as professionals in the field of marketing and promotion strategy.

Developing a Global Culture

As explained in the introduction, globalization and communication are developing rapidly with the influence of mass media and international brands. Buzzel (1968) claims that the global image of the brand represents an important instrument for increasing sales, while Duncan (1992) and Shocker, Srivastava, and Ruekert (1994) believe that by developing the global image of a brand, the latter becomes more powerful and, at the same time, more valuable. Part of the power and value resulting from the global image of brands originates in consumers' perception of the status and self-esteem generated by purchasing a certain brand (Friedman, 1990). In other words, consumers may buy a product with the main purpose of consolidating their status within a specific social class (Alden, Steenkamp, & Batra, 1999), as is the case of luxury brands, which can testify for the privileged statute of their consumers.

Walker (1996) highlights the important role of mass-media, in general, and of television, in particular, with regards to creating global symbols for consumerism. In Walker's opinion (1996, p. 42), global access to television programs leads to creating a global consumption culture, where individuals from different corners of the world are aware of and desire the same type of products or brands. Nevertheless, the new global culture is not homogenous, as there are quite visible regional differences generated by beliefs, attitudes, and distinct cultural values. The influence of a global culture is most obvious in the case of youngsters, where, although the influence of national culture is still present, the access to the same media information sources has educated them towards a common understanding of global consumption principles (Walker, 1996). At the same time Alden et al. (1999) develop a conceptual framework, according to which the emergence of such a global consumption culture is accompanied by certain symbols, such as language, esthetic elements, or topics approached. As such, in the authors' opinion, the use of these symbols in advertising campaigns leads to creating an association between the brand promoted and the global culture, by the transfer of meaning; this happened, for instance, with regard to using English in ads at global level, for the purpose of creating a hint of cosmopolitanism among consumers (Alden et al., 1999).

Positioning Fast Moving Consumer Goods

Most fast moving consumer goods may be differentiated based on their physical features. For example, refrigerators may be equipped with a self-defrosting function, ice maker, water dispenser, or even integrated multimedia devices. In this case, each brand will create its unique selling proposition (USP) where the features that differentiate it from the competition will be highlighted, and which shall be used in order to improve the competitive advantage of the brand. Hence, when brands are differentiated according to product positioning, objective attributes become essential, and promotion will most probably be based on the model of the unique selling proposition developed by Rosser Reves (Smith & Lusch, 1976).

Another situation is the one where the objective features of all or most competitive brands are almost identical. Such goods are often referred to as “me too” goods, following the lack of differentiation between their attributes (Kumar & Steenkamp, 2007). Examples of goods which may be included in this category are beer, cigarettes, soft drinks, or oil products.

In general, the product attributes which determine the most important benefits represent the main element for creating brand image (Meenaghan, 1995). In fact, the capacity of a product to meet consumer needs is the basis of the strategy to develop the brand image. However, when product differentiation is minimum in relation to the basic function of competitor products, the development of the brand image will rather be based on other features of the product. In this case, Meenaghan (1995) suggests that marketing communications are insisted upon, in general, and on advertising, in particular, in order to differentiate products.

According to the supposition that “advertising means quality”, consumers consider that: (a) advertising implies significant investment; (b) in order to recover such investment, companies depend on repeated sales, and; (c) repeated sales are the result of consumer satisfaction with regard to product quality (DeVecchio, 2001).

The product is seen as a source of central functional benefits, while the brand is responsible for creating a “magnetic aura” for the actual product (Meenaghan, 1995). As such, McDonald (1992) noticed that:

consumers and their tendencies to develop habits are the ones that lead to branding; branding is inseparable from the ability to choose. What advertising does is help to control the value acquisition and direct activities. In the absence of advertising, the product would still develop a “branding”, but it might be one the company marketers do not like. (p. 114)

At all marketing levels, advertising is identified as one of the main drivers of brand image (Meenaghan, 1995).

Comparative Advertising Efficiency

One of the main objectives of many marketing campaigns is to differentiate a brand by positioning it on a superior level as compared to competition, in relation to one or more attributes (Dickson & Ginter, 1987; Sujan & Bettman, 1989). There are two essential elements for fulfilling such an objective, namely choosing the attributes for claiming superiority and choosing the communication methods for sending the message regarding the superiority of selected attributes (Pechmann & Ratneshwar, 1991).

The attribute selected for creating the differentiating strategy may be a basic one (typical) or an unusual one (atypical). Positioning a brand based on atypical attributes may create a competitive advantage, but the innovation and creativity degree needed are extremely high and may lead to positioning issues, following the consumers’ confusion (Pechmann & Ratneshwar, 1991). Thus, choosing the differentiating attribute becomes a rather difficult task and must be carried out with a view to brand objectives and product category.

A fairly popular promotion alternative in the United States (but prohibited in Europe) is comparative advertising. According to Rogers and Williams (1989) many advertisers oppose the efficiency of comparative advertising, describing that it does not specifically differentiate the brands based on attributes or improvements and only based on the brand, even risking letting the consumer forget the promoted brand and remember the one of the competition. Such claims are also supported by other authors (Gorn & Weinberg, 1984) and some even consider that such commercials can influence negatively the consumer response (Goodwin & Etgar, 1980).

Still, many studies (Pechmann & Stewart, 1990; Pechmann & Ratneshwar, 1991; Dröge & Darmon, 1987; Walker, Swasy, & Rethans, 1986) have showed that consumers are more influenced by comparative advertising compared to standard non-comparative advertising.

In an experiment carried out by Walker et al. (1986), the subjects were exposed to comparative and non-comparative ads regarding a beer brand. The results of this experiment indicated that the persons who saw the comparative ad considered that the new beer brand was more similar to premium beer brands, as opposed to those who saw the non-comparative ad (Walker et al., 1986). The same study indicated that in the case of non-comparative ads (which make statements such as “our brand is the best”, or which make indirect comparisons—statements as “our brand is better than other brands”), it is unlikely that the public will guess the competitor’s name. As such, out of the consumers exposed to the comparative ad, roughly three quarters provided answers based on comparisons, while in the case of consumers exposed to the non-comparative ad, the percentage was only 10% out of all respondents (Walker et al., 1986). Consequently, it may be noticed that the use of comparative hints contributes significantly to categorizing and positioning a brand.

According to the results of a study conducted by Dröge and Darmon (1987), ads which use product comparisons do not seem to contribute significantly to improving the precision of positioning a product based on its attributes, as compared to other types of advertising. Nevertheless, the two authors noticed that there are some proofs indicating a certain superiority of comparative ads in clarifying the positioning of a product, as opposed to ads which do not make comparisons. More so, the two authors developed a series of ideas regarding positioning based on advertising. First of all, Dröge and Darmon (1987) consider that using an association strategy in advertising is efficient with regard to obtaining a rapid and precise positioning of an unknown brand in relation to the dominant brand, and creating a proximity between them. Secondly, with a view to the general context of positioning brands in the perceptual space of consumers, comparative ads show a certain superiority in decreasing the distance between a new and an established brand (positioning precision), as opposed to non-comparative ads, as well as with regard to building a clearer brand image (positioning clarity). In the authors’ opinion, such superiority exists, irrespective of whether the ad refers to product attributes or not. As such, in Dröge and Darmon’s opinion (1987), if the objective of an ad is to create an association between an unknown brand and an established one based on certain product attributes, this can be fulfilled only by making comparative ads, and the positioning is improved only from the perspective of its clarity. Therefore, ads which imply direct comparisons may influence the ranking of brands by consumers, based on their preferences, but cannot impact attitudes implying the assessment of product attributes (Dröge & Darmon, 1987).

Pechman and Stewart (1990) have concluded that companies should apply different strategies regarding advertising based on their brands’ market share. a) Low-Share Brands are recommended to apply direct comparative advertisements having more efficient results; b) High-Share Brands are more effectively

advertised using no comparative claims, to have a higher purchase intention level and; c) Moderate-Share Brands are suggested to be most effectively influence purchasing through indirect comparison claims (Pechmann & Stewart, 1990).

The Impact of Promotions on Positioning

Promotions are preferred for salespersons because of their fast return on sales, and have a significant influence on the consumers' buying behavior on a short term (Shakhshir, 2011), but it is very important to consider the medium and long-term effects on the product brand positioning and future performance.

Following an empirical research regarding the connection between promotion effect and brand positioning, Bronnenberg and Wathieu (1996) noticed that the promotion effect is asymmetrical. As such, brands positioned as high quality shall be favored by promotions, attracting consumers interested in the quality aspect, while promotions carried out for brands of inferior quality will attract client interested in the low price and those who are indifferent about the quality level or the notoriety of the brand (Bronnenberg & Wathieu, 1996). Similarly, Allenby and Rossi (1991) also think that premium brands and those with high quality levels shall be favored by promotions. As the consumers' tendency is to go up on the quality ladder, preferring superior quality products, promotions offer the possibility to try these superior brands at levels similar to their expense budget (Kamakura & Russel, 1989; Allenby & Rossi, 1991).

However, there are exceptions to this rule. Analyzing the studies of Blattberg and Neslin (1989) and of Allenby and Rossi (1991), Bronnenberg and Wathieu (1996) discuss about the situation of private brands, which even if were considered to be cheap brands in the past, at a reduced quality level, now have developed and are placed at a quality level similar to the products of national brands, but their price is below to that of well-known brands. As such, despite their low price, the promotions for this brand category are considered to be just as important by consumers, as the promotions for well-known brands, the same quality level of products provided (Bronnenberg & Wathieu, 1996).

A more recent perception of some authors is that some promotions carefully carried out may improve brand positioning, benefiting from the advantages provided by a stronger brand (Blattberg & Neslin, 1989). One example is the promotion carried out by American Express, where the company extended the warranty period of any product bought by using their card. Strang (1980, p. 77) points out differences between promotions resulting from endogenous factors, compared to those resulting from exogenous factors. As such, promotions may be carried out in order to stop the decline of a product, while the company decides to save the brand by implementing promotional programs (Strang, 1980, p. 77).

However, it should be clear that a campaign consisting of a price promotion is recommended to have a limited duration and not to become a habit in the consumer's mind, leading to a change in product positioning. The topic of price promotions on added value has been detailed in an article published by Ghassan Shakhshir in 2014 (Shakhshir, 2014).

Promotions are now the method by which consumers get their preferred product at a lower price, and new requirements now refer to higher quality products at the lowest price possibly. However, promotions' impact on positioning is not entirely positive. With the rapid spread of aggressive retailer promotions, Bainbrige (2007) draws attention on the fact that while premium brands have been drawn in a discount frenzy, nowadays buyers are able to find premium brands in supermarkets, as well as average brands, from the pricing point of view. Further on, Roger Strang (1980) argues that too many promotions may deteriorate the brand value or its

positioning. Carrying out repeated promotions may lead to the product perceived as cheap, thus representing a rather increased risk taken by producers, as it is difficult to maintain the desired positioning of the company and the clients' loyalty for the brand (Johansson & Thorelli, 1985).

Thus, although promotions and price changes may lead to very good results on sales on the short term, if it remains for a longer period of time, they may decry the consumer's perception on brand positioning.

Conclusion

The communication strategy of a brand represents an essential element both for the process to influence the decision to buy, as well as for maintaining the brand image and positioning in the consumers' mind, as desired by the marketing department of the company. Branding would still exist in the absence of advertising, but it might not be the one desired by the company (Meenaghan, 1995). With the importance of mass media and television growing significantly during the latest years (Walker, 1996), there has been an increase in the trust for advertised brands, as consumers believe that advertising implies quality (DeVecchio, 2001).

Following the study it can be concluded that comparative advertising is the more effective option in order to anchor better a products brand positioning in the consumers mind. It is essential for the company whether to use direct comparative advertising or indirect comparative advertising when selecting the advertising method based on the position of the product with regard to competition. In certain situations, when companies prefer not to directly confront a competitor or when a country does not allow direct comparative advertising, indirect comparative advertising is recommended, in which specific one or more attributes (Dickson & Ginter, 1987; Sujan & Bettman, 1989) are compared and presented as superior.

Promotions have also become a regular practice for fast moving consumer goods, especially during the 2008 recession period, when sales departments wanted to increase the company sales at any price. In the case of positioning, the danger is that by providing many promotions and offers, the brand value or positioning may be deteriorated (Strang, 1980). Additionally, most researches indicate that promotions have the best results when they refer to premium positioned products, as they give the consumers a chance to try products to which they would not have access otherwise (Bronnenberg & Wathieu, 1996; Kamakura & Russel, 1989; Allenby & Rossi, 1991). However, the highly recommended promotion method which does not affect brand positioning is the product plus product, not price discounts.

Theoretical Contributions

The current literature review extends previous studies on the role of efficiency of advertising, the importance of comparative advertising, and the appropriate use of promotions to maintain a correct positioning level. Although some studies are against the use of comparative advertising (Gorn & Weinberg, 1984; Goodwin & Etgar, 1980), this article has shown that comparative advertising, whether direct or indirect, has better reactions with regard to consumer behavior and understanding of the product brand positioning.

As to promotions, this paper provides insight on the effects on positioning especially on fast moving consumer goods and the relationship between promotion effectiveness and the current positioning of a certain product brand. Therefore, although promotions have a significant influence on buyers and are attractive tools for sales persons to increase their turnover and achieve their targets, marketers must carefully take into consideration the duration and the type of promotion they would like to implement.

Limitations

One limitation for the current study is the exclusively theoretical approach. Since no primary information was collected and no first-hand analysis could be conducted. However, this research successfully synthesizes the impact of comparative advertising on the brand positioning of fast moving consumer goods by analyzing the results of previously conducted studies. To fill in the empirical gap, future research approaching this topic may also include an empirical research that can bring additional insights.

Another limitation to the present paper is that the studies included in the research do not provide a comprehensive view of the discussed topic because of the research methodology employed in these studies. Thus, the consumers or subjects have been exposed to the ads once and were asked of their opinion, while in real life consumers are exposed several times to certain ads which can influence their decision. Additionally, each study tested the comparative and non-comparative ads on different products, from food products to non-food fast moving consumer goods and cars. Because these studies mainly adopted a quantitative approach, important information may have been omitted, thus highlighting the need for more qualitative researches. Furthermore, while the one expected that the results of these studies had been more similar, in certain areas the differences were significant, indicating a need for additional research.

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