I. INTRODUCTION

A firm's long-term competitive advantage stems, in part, from positioning activities (Porter, 1996; Hooley et al., 2001). Other things being equal, evaluating the effectiveness of a particular offering's position in the market place requires identification of exactly what positioning strategy is pursued and whether and to what extent that chosen strategy actually impacts performance. Positioning is a central concern of the strategy literature. At the firm level of analysis, positioning concerns the choice of how to compete in a given market. At an industry level of analysis, a key question is the extent to which a given environment supports heterogeneity in positioning choices. (e.g., Nelson, 1991). According to Arnott (1992), the process is iterative and requires deliberate and proactive involvement of the marketer. Knox (2004) highlights the importance of positioning as a mechanism to deliver added value. Hooley, Moller and Broderick (1998) suggest that to understand the relationship between added value and positioning, a number of positioning dimensions including price positioning, technical quality positioning, service positioning, innovation positioning and customized positioning can be pursued to reflect added value for consumers and ultimately achieve desired market positions. While Wal-Mart and Nordstrom, for example, pursue “low price” and “high service” positioning strategies, respectively, operationalization of the concept of positioning in the services domain is problematic and not adequately taken on board by service managers (Blankson and Kalafatis, 2007). For this reason, understanding positioning requires understanding two distinct mappings: how policies are transformed into positions and how positions are transformed into market performance. Yet as a firm’s performance is largely determined by its strengths and weaknesses relative to its competitors, unless one or more of the firm’s capabilities is superior to the competition, it is unlikely to achieve better performance. For this reason we measure capabilities relative to competitors in what follows. Still, due to a lack of grounded theory accompanied by normative guidelines (Pollay, 1985; Piercy, 2005), managers are less informed in the application of positioning strategies than they might otherwise be (Piercy, 2005). Yet despite being a central topic in the field of marketing, the positioning strategy and performance of various firms has rarely been the focus of research. The primary purpose of the paper Dess and Davis (1984) is to demonstrate the viability and usefulness of categorizing firms within an industry into strategic groups on the basis of their intended generic strategies. In this paper the researcher will describe a the concept positioning strategies that will capture

Abstract: Understanding positioning is a central concern for strategy. In this paper, the researcher will describe the positioning strategies and the performance of various firms. Resource-based view (RBV) of the firm in context of IT and positioning strategies will be conceptualized as an endogenous determined function of the organization’s ability and performance in the paper.

Extending the strategy-structure paradigm, researcher proposes that a strategic positioning (differentiation or cost leadership) should be a primary determinant to any firm. Based on the primary determinant of firms the researcher will help to describe the positioning strategies of firm performance and how they can be successful and what capabilities are required to support the successful performance of various firms.

Keywords: Positioning strategies, Capabilities, Performance, RBV (Resource Based View)
all those key elements that impact the performance of various firm’s.

II. LITRATURE REVIEW

Different scholars defined positioning in different ways. A “position” is a set of buyers at whom the product is primarily aimed (Cronshaw et al., 1990); the place a product occupies in a given market (Ansari et al., 1994); and is the combination of choice of target market and competitive advantage (Hooley et al., 2001). Positioning is the act of designing, establishing the company’s offer and image and communicating the products’ key distinctive benefits in the market so that it occupies a distinct and valued place in the minds of the target customers (e.g. Kotler, 1996; Kotler & Keller, 2009). Positioning indicates how the business aspires to be perceived by the stakeholders in relation with the competition and the marketplace (Aaker & McLoughlin, 2007).

Cravens & Piercy (2009) mentioned that positioning is deciding the desired perception/ association of an organization/ brand by customers of the target market segment and developing the marketing program with a view to meet (or exceed) the needs and requirements of the customers of that marketplace. The objective of positioning is to locate the brand/product in the consumers’ minds so that organization can secure maximize potential benefits (Kotler & Keller, 2009).

Strategy and the formulation of strategy play an important part in the firms’ management process. The strategy gives the direction that a firm has in mind and in which way they want to achieve their goals. Earlier research demonstrated that firms that set out a clear strategy, for example a quality differentiation or a cost leadership strategy, will outperform those firms that deploy a mixed strategy (Baum et al., 2001).

(M.Porter, 1980) posits that firms with competitive advantages based on either cost leadership or differentiation are able to outperform their competitors; in the same vein subsequent studies document that a firm successfully pursuing either a differentiation or a cost leadership strategy is in a better position to achieve superior contemporaneous performance (M.Porter,1985 D. C. Hambrick, 1983).While cost leadership is achieved primarily through operational improvements and efficiency, differentiation strategy is built on product innovation or services that are perceived to be different from competitors. However, the success of any firm eventually depends on how well it implements its chosen business strategy (M.Porter,1996).

Calthrop, Vice President of Bain International, writes that “Cost leadership is about cost per unit of input, not lowest cost per se” (P. Calthrop, 2010). In a differentiation strategy, a firm seeks to be unique along some dimensions that are highly valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. A differentiator, therefore, must always seek ways of differentiating that lead to a price premium greater than the cost of differentiating. In order to do so, the firm needs resources and distinctive competencies that can create a sustainable competitive advantage (Postma and Zwart, 2001). Thus, firms that pursue a cost leadership strategy are expected to be associated with higher production efficiency. On the other hand, firms that pursue a differentiation strategy rely on innovation, brand development, marketing, and so forth to achieve competitive advantage. Hence, such firms are not expected to place high emphasis on production efficiency.

An extensive review of extant literature on performance of various firms reveals:

In a time of intense competition, with high customer expectations, companies are always interested in retaining existing customers. Since the vast majority of companies depend on repeat business, a heavy emphasis on the antecedents of service quality has evolved. Service quality remains one of the most significant areas in marketing. Attempts to define, describe, and identify service quality and its predictors abounds the marketing literature.

In the context of service, complex situational and communication effects intervene between the service and the perception of service quality. Furthermore, studies have shown that service quality is a key determinant of market share and return on investment as well as cost reduction (Parasuraman, Zeithaml, and Berry 1985). In addition, service quality is a vital antecedent of customer satisfaction. In turn, customer satisfaction leads to developing and maintaining loyal customers who may become advocates for a firm and promote the organization further by making positive referrals through credible word-of-mouth communication (Guiry & Vequist 2011).

Little of the literature has also focused on the specific situation of small and medium enterprises (SMEs) and there is still imperfect understanding of the strategy process and the relation between internal factors and the environment for this group of companies (Hanlon and Scott, 1993, and Pelham, 1999). SMEs are according to Hanlon and Scott (1993) too busy dealing with operational problems and events on a day-to-day basis to devote time to strategic management. Small business managers do not value formal planning, strategic thinking and a long-term vision (Pelham, 1999). Barring a few exceptions, research on how strategies are actually formed in entrepreneurial, small firms (like in Mintzberg’s theory) is virtually non-existent. Hanlon and Scott (1993) therefore conclude that while some SMEs do make formal plans, this model is not sufficient to account for the behaviour of most small and medium-sized companies.

In context of manufacturing companies, Matsuno and Mentzer (2000) empirically examined the moderating role of defenders, prospectors and analysers on the relationship between market orientation and economic performance in manufacturing companies. The performance measures in this study were return on investment, market share, sales growth and percentage of new product sales. The strategy type was measured by using a categorical variable. A selftyping measure (see Shortell and Zajac, 1990) asked the respondents to evaluate the strategies of their own organizations using descriptions of the four generic strategies in Miles and Snow’s typology. Three hundred sixty four usable responses were gathered. It was found that the relationships between market orientation and performance measures are not monotonic.
Analysers would gain little benefit in any performance dimension by increasing the market orientation level. Matsuno and Mentzer (2000) conclude that analysers aspire to be good, if not the best, in all performance dimensions as theorized by Miles and Snow. Compared with the other types, prospectors and analysers, defenders gain the greatest performance benefit in return on investment by increasing market orientation level.

For computer and furniture industry, Nijssen (1992) wanted to know if the Miles and Snow typology applied to Dutch industry (computer and furniture industry). He also wanted to know if environmental conditions influence the distribution, strategic posture and performance of the strategic types. Nijssen tried to investigate to what extent companies alter their strategies and what kind of strategies they choose. Nijssen used several criteria to measure performance. Together with the total relative performance, the relative gross profit percentage, the relative sales development and the ‘goodwill’ of the firm were polled. The results showed the strategic types of Miles and Snow to be applicable to both branches investigated. Furthermore, all consistent strategic types (defenders, analysers and prospectors) were found to out-perform the reactor strategy. The environmental influence on the distribution, strategic posture and performance of the strategic types was small. No significant influences of the environment on the occurrence of the different strategic types were found. No significant evidence was found to support the idea that defenders perform better in a stable market and prospectors in a turbulent setting. The results indicated defenders do perform equally well in both markets, and prospectors have a somewhat poorer performance in the more stable environment.

In recent decades, the automobile industries in many countries have proven to be one of the strongest drivers of technology, growth, and employment (Gottschalk and Kalmbach, 2007) and its development has characterized global competitiveness of leading industrialized economies. The automobile industry is fairly developed one and involves huge investments in research and development and technology and is seen as an indicator of the economic progress of a country. An understanding of the automobile industry in some of the developed countries enables one to study the emerging trends in developing countries (Choudhary and Goyal, 1997) like India. Menon (2012); and Jacob and Khan (2010) reported in their studies that there was considerable proportion of modern women car buyers, which has increased three fold in the recent years. Car dealers are implementing a strategy to position themselves, more effectively in the market place than before, by means of continuous improvement of quality maintenance through services delivery packages, as car dealers are increasingly being confronted by demanding and technologically knowledgeable consumers, shortened product model lifecycles, intensified competition and fragmented market segments (Sharma and Patterson, 1999).

III. RESOURCE BASED VIEW (RBV)

The resource-centered perspective can be divided into two streams: the production function view and the resource-based view (RBV). The production function view (Dewan and Min 1997) focuses on explaining variation in firm performance by reference to a collection of production resources (e.g., IT capital) and capabilities (e.g., labor). Although studies in this stream have reported positive relationships between the size of IT investment and organizational performance (e.g., Brynjolfsson and Hitt, 1996), IT investment is generally regarded as a necessary but not sufficient factor in explaining organizational performance (Bharadwaj et al. 1999). In contrast, the RBV literature places greater emphasis on the identification of the different degrees and qualities of tangible and intangible resources. Put succinctly, the argument is that although a firm’s competitive position is driven directly by its products and services, it is indirectly (and ultimately) driven by the resources and capabilities that go into their production (Newbert 2007).

The RBV is well suited to the assessment of IT investment because it emphasizes the possibilities and options that IT creates and, more importantly, the way firms make the best use of IT resources (Melville et al. 2004). Although aspects of IT can be ubiquitous, it is the combination of human skills and organizational context that is important to harness the full potential of IT. This combination of capabilities is not so evenly distributed between firms and has not been well developed in the theory (Wade and Hulland 2004).

Finally, the RBV of the firm implies that just because investment in IT resources and capabilities can improve the absolute operational performance of a particular process, this does not mean that investment in these capabilities will improve the competitive and financial performance of this process relative to the competition. This crucial point has not been well integrated theoretically by IT researchers, nor has it been incorporated in the measurement models used. For example, Bharadwaj (2000), Barua et al. (2004) and Ray et al. (2005) refer to a superior IT capability but measure IT capabilities independently without reference to the firm’s competitors. Yet as a firm’s performance is largely determined by its strengths and weaknesses relative to its competitors, unless one or more of the firm’s capabilities is superior to the competition, it is unlikely to achieve better performance.

Viewed from the RBV, this human capability:

Enables companies to manage the technical and business risks associated with their investment in CRM programs (Bharadwaj 2000), is based on accumulated experience that takes time to develop (Katz 1974), and results from socially complex processes that require investment in a cycle of learning and knowledge codification. This makes it difficult for competitors to know which aspects of a rival’s know-how and/or interpersonal relationships make them effective (Mata et al. 1995). Although it may be possible for competitors to develop similar skills and experience, it takes considerable time for these capabilities to mature (Lado and Wilson 1994).

IV. PERFORMANCE AND ITS MEASUREMENT

Performance is an essential concept in management research. Managers are judged on their firm’s performance. Good performance influences the continuation of the firm, etc. Much of the research on performance measurement has come
from organization theory and strategic management (Murphy et al., 1996). For instance, Porter (1980) defines good performance as the above-average rate of return sustained over a period of years. Venkatraman and Ramanujam (1986) have pointed out that firm performance is a multidimensional construct. They proposed three general levels of firm performance. These general levels are represented in figure 1. The three general levels of firm performance indicated by Venkatraman & Ramanujam (1986) are briefly discussed.

**LEVELS OF FIRM PERFORMANCE**

<table>
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<tr>
<th>Financial performance</th>
<th>The domain of performance construct in most strategy research</th>
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<tr>
<td>Financial+ operational Performance</td>
<td>The enlarged domain reflected in recent strategy research business performance</td>
</tr>
<tr>
<td>Organizational effectiveness</td>
<td>The broader domain reflected in most conceptual literature on strategic management and organization theory</td>
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*Source: Venkatraman and Ramanujam, 1986. Table 1*

- Financial performance: Financial performance is at the core of the organizational effectiveness domain. Such performance measures are considered necessary, but not sufficient to define overall effectiveness (Murphy et al., 1996). Accounting-based standards such as return on assets (ROA), return on sales (ROS) and return on equity (ROE) measure financial success (see e.g. Parker, 2000). These indicators really tap current profitability.

- Business performance: Business performance measures market-related items such as market share, growth, diversification, and product development (see e.g. Gray, 1997). There appear to be two dimensions here: a) those indicators related to growth/share in existing business (e.g. sales growth and market share) and b) those indicators related to the future positioning of the firm (e.g. new product development and diversification).

- Organizational effectiveness: Organisational effectiveness measures are closely related to stakeholders (other than shareholders). Examples of such measures are employee satisfaction, quality and social responsibility. There also seem to be two dimensions here: a) those indicators related to quality (e.g. product quality, employee satisfaction, overall quality) and b) those indicators related to social responsibility (e.g. environmental and community responsibility). Thus, five dimensions of firm performance are:
  - current profitability,
  - growth/share,
  - future positioning,
  - quality,
  - social responsibility.

Given the distinctive orientations of the five strategy-making modes, each should relate to particular aspects of performance (Hart, 1992). Although firm performance plays a key role in strategic research, there is a considerable debate on the appropriateness of various approaches to the concept utilization and measurement of organizational performance.

The complexity of performance is perhaps the major factor contributing to the debate (Beal, 2000). Despite such debate there is general agreement among organization scholars that objective measures of performance are preferable to subjective measures based on manager perceptions (Beal, 2000).

**V. LINKING STRATEGY TO PERFORMANCE**

In this section we give arguments how strategy will influence firm performance. It is often argued that firms with a clear and consistent strategy will outperform firms without such a strategy. This is the main argument for Porter to define his generic strategies. Also in the Miles and Snow typology it is argued that at least prospectors, defenders and analyzers perform better than reactors. Firm success is manifested in attaining a competitive position or series of competitive positions that lead to superior and sustainable financial performance (Porter, 1991). To explain firm success, the literature on strategy defined three essential conditions (Porter, 1991).

The first is that a company develops and implements an internally consistent set of goals and functional policies that collectively defined its position in the market.

The second condition for success is that this internally consistent set of goals and policies aligns the firm’s strengths and weakness with the external (industry) opportunities and threats.

The third condition for success is that a firm’s strategy be centrally concerned with the creation and exploitation of its so-called distinctive competences. These are unique strengths a firm possesses, which are seen as central to competitive success. If these conditions are met, it will result in a consistent strategy and eventually good firm performance.

The firm size and the environment might influence the ‘right’ strategy. The strategic prescriptions suggested by Porter’s (1980) concept of generic strategies tend to link entrepreneurial-type activities much more closely with differentiation strategies than with low-cost leadership strategies. To be successful, differentiators rely on strong marketing abilities, creative flair, product-engineering skills, and effective coordination across functional areas, whereas low-cost leaders emphasize tight cost controls, process engineering skills, efficient distribution systems, and structured sets of organizational responsibilities. These distinctions suggest that firms seeking to renew or strengthen themselves by being more entrepreneurial should adopt differentiation-type strategies rather than cost-leadership strategies (Dess, Lumpkin and McGee, 1999).

**VI. CONCLUSION**

Positioning should be in a way to adapt in the changing environment and management should be aggressive enough to utilise the opportunity (if any) by taking flexible strategies which are appropriate for the company (Trout & Ries, 1972). Strategy seems to be an important variable explaining the performance of a company. Relatively little research investigated how strategy influences the performance of firms.
The conclusions are not straight forward. There seems to be a relationship between the selected strategy and the performance of firm. Especially, the consistency of the strategy (prospect/defender/analysers versus reactor and generic strategy versus stuck-in-the-middle) seems to positively influence the performance of firms. Often other variables are studied in combination with strategy. For example, the combination with the right resources and the environmental conditions seems to be important. The need for a persistent strategy seems to depend on the characteristics of the environment. Finally, the researcher concludes that the key to success of a firm in product category is not product innovation or marketing skill but to establish the position against any opportunity prior to competitors (Trout & Ries, 1972; Cravens & Piercy, 2009).

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