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LIMITING FACTORS OF STRATEGIC POSITIONING WITHIN ESTABLISHED BUSINESSES

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Abstract: Strategic positioning as a critical step in defining the strategy of a company can be seen as one of the greatest contributors to its success in relation to its competition. Eventually, it may be required for an established business to formulate a new strategy when facing revenue loss, or when it is necessary to facilitate faster development inside a changing environment as well as to achieve a competitive advantage. The purpose of this paper is to discuss the identification and reduction of some of the more common limiting factors that influence successful positioning of such a business on the market

Keywords: strategy, positioning, market, limiting factors, competition

Introduction

Enterprises as economic systems and basic components of market economy within their business must set certain business goals. These goals are the result of strategic planning as an organic part of a management system and the basis of making new strategic decisions. Decisions that are well formed, but don't have good implementation often fail.

The core of forming business strategies is strategic planning. However, according to Lublin and Mattioli, [2010, 01] the traditional approach to strategic planning that has been in use for more than four decades is no longer capable of producing desired outcomes. According to their research, which was based on statements from a number of large corporations, including Accenture Ltd., Spartan Motors Inc., Whirlpool Corp. and J.C. Penney

Co., strategic planning as they knew it was not an optimal solution in today's climate, especially during the times of crisis and recession.

According to Geo Strategy Partners [2010], in a world that is constantly evolving and changing, in order to develop a viable strategy, one must shift to strategic positioning as the key component of business strategy.

It was clear that the traditional approach to strategic planning was no longer sufficient to assist in determining the most efficient way to use their resources and help seize the best opportunities available. Bischoff-Turner [2008] agrees that companies that wish to advance, but have perfected the basics, should implement strategic positioning.

Their application, however, has proven that even the most frequently used strategic positioning models are not foolproof. Some factors are not designed for these models and hence restrict their application. In this study, we will look at their limitations.

The Positioning Concept

Not to minimize the significance of planning as a process through which managers formulate their overall strategies, in recent times there has been a noticeable increase in the number of scientists and researchers whose work focuses on emphasizing the importance of strategic positioning of companies in the market. The complexity and difficulty of the ever-changing market influences this approach.

Porter [2006], the most influential advocate for strategic positioning, emphasizes that strategy is about creating a distinct and valuable position, which entails engaging in activities that differ from competitors' or performing similar activities in new and interesting ways.

With his school of thought, Porter opens a new chapter in understanding the role of strategic management. As the number of consulting firms increases, this statement becomes ever more factual. Companies continue to refine this school and apply it to many of their customer companies as a practice.

Chowdhury [2013] claims that her research would be sufficient for further research and that her suggested guidelines are appropriate for product positioning in a company. She does, however, acknowledge that her research has limitations, as do most in this field of study, because it is based on reports and theory from a Western perspective. Most would be unsuitable for the majority of developing countries.

By definition, strategic positioning is "a firm's decision on how to organize its actions and operate to effectively serve customers and compete against rivals." [Bright et al., 2019]

To quote Whitler [2021] "a positioning concept" is a tool that enables leaders to create, test, and perfect the ideas upon which new brands and/or products are created and launched. It serves to highlight the consumer's problem, present an explanation as to what a company's brand is intended for, to prove that it can provide and conceptually compares it to competitors' in a manner that is based on customer demands. According to her, the development of a superior positioning concept is guided by four fundamental elements:

1. A positioning concept must be an independent document.
2. It mustn't be developed in isolation.
3. Idea generation should be diverse.
4. In practice, this procedure necessitates numerous iterations.

Strategic positioning is involved with how a company as a whole distinguishes itself from competitors and provides benefits to specific types of consumers. [Wickham, 2001, 230]

With these statements, we can conclude that strategic positioning is a process and a business strategy, that it is about finding a unique position in an enterprise market where a firm would get prominence and ultimately dominate for an extended period of time while focusing on resources.

The question of how to position oneself in the marketplace emerges, as does the question of how and with what resources one would be able to achieve a superior position in comparison to their competitors.

The Analysis and the Development of Strategic Positioning

The analysis and the development of strategic position poses as a complex and challenging venture whose realization process function is in creating a company's strategy. Identifying incentives and limiting factors shapes the process of the creation of strategic position.

Rational behavior in the process of strategic positioning sometimes requires putting oneself in the place of a competitor, which allows us to predict their moves, but also to see our own position through the lenses of others. Of course, quality information is a prerequisite for a winning combination in making business decisions.

Information is a front-line weapon of the modern era and the main imperative of today's economy.

Competitors frequently have more quality and reliable information which gives them an advantage to respond adequately.

In this whole landscape of the competition, information, global business, financial innovation, the development of a strategic position should be a continuous process.

Strategic management, through meticulous and precise procedures, allows companies to identify, develop, strengthen, provide benefit and even surpass their competitor's position. [Fuertes et al., 2020, 21]

Objective	Match the organization's distinctive capabilities with the customer value requirements in each market target (How do we want to be perceived by targeted buyers?)
Desired result	Gain a relevant, distinct, and enduring position that is considered important by the targeted buyers
Actions by the organization	Design and implement the positioning strategy (marketing program) for the market target.

Figure 1. How positioning works

Source: [Cravens & Piercy, 2009]

SWOT and SPACE Matrix

Analyzing strengths and weaknesses enhances problem awareness and serves as a starting point for establishing company's business goals.

The evaluation of the synergistic impacts of at least two economic and financial criteria strengthens or weakens influencing factors.

A significant variety of factors that can influence the choice of strategic positioning have become general knowledge. Such factors are: financial power, natural resources, human factors, geographical locations, distribution channels, price, consumer perception, world recession, competition, globalization, technology, the fourth industrial revolution, demographic trends, geopolitics, natural disasters, inflation, disease (for example, COVID-19 has accelerated the growth of telecommunications, telemedicine, home-business, online education

[Collis, 2021], services sector, particularly home distribution channels), and so on.

In general, we can divide them into external and internal factors and classify them in proper matrices to see a company's true status.

These factors have an impact on extensive operations of internal (weaknesses and strengths) and external (opportunities and hazards) analysis of each specific objective of a company.

This is the foundation of SWOT analysis as an initial step, but it is not the greatest strategy for proper analysis due to its static perspective and inability to determine a company's value.

	Positive	Negative
Internal	**Strengths** Qualities that set a company above others.	**Weaknesses** Factors that put ones company at a competitive disadvantage.
External	**Opportunities** Environmental factors that the company could use to its advantage.	**Threats** Environmental factors that could cause problems for the company .

Figure 2. SWOT Analysis

According to Lee [2015, 140 - 163], the fundamental flaw of the SWOT analysis is its reliance on qualitative analysis, which only identifies the value of specific factors without qualitatively assessing them.

SPACE (Strategic Position and Action Evaluation) matrix covers two internal dimensions (financial strength and competitive strength) and two external dimensions (environmental stability and industry's strength).

This matrix was designed by Rowe [Rowe et al., 1982] with intentions of assessing which tactics are best suited for a competitive firm.

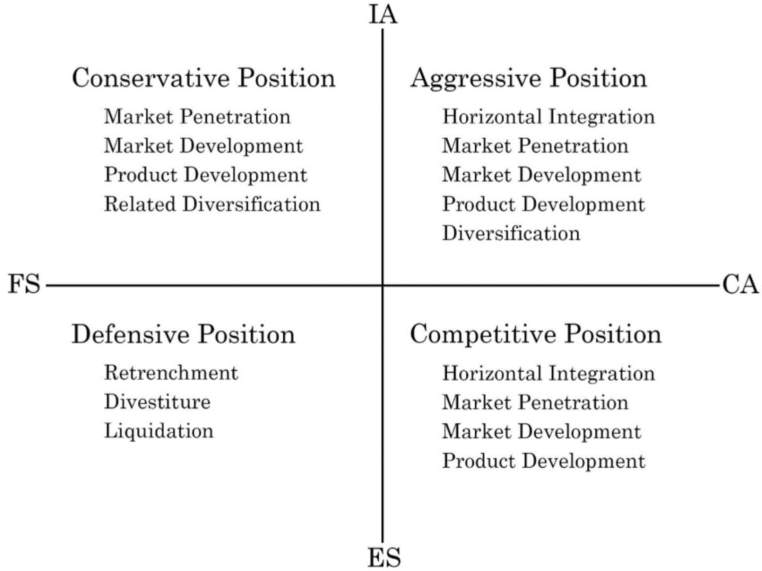


Figure 3. SPACE matrix, Source: [Rowe,1982]

The company's stance in four squares is classified as aggressive, competitive, conservative, and defensive after qualitative analysis of each value that had entered the matrix and was based on the estimated unit vector. [Nouri et al., 2008, 43-52]

Competitive and Non-Competitive Advantage

A large number of researchers detailed how corporations compete with one another. In the article *Conceptual Framework for the Strategic Management: A Literature Review-Descriptive*, whose researchincluded an examination of 5,400 publications, Fuertes et al. [2020, 21] have referenced a number of researchers. Treacy and Wiersema touch upon operational excellence, product leadership, and client's trust. Quezada et al. describe the process for formulating business strategies in small and medium manufacturing enterprises. March expands on exploitation and exploration. In terms of innovation, Miles, Snow, Dekoulou and Trivellas present a methodology for identifying and exploring new goods and market prospects. And Porter, for example, explains what tactics are used for cost leadership and product differentiation (Generic strategies).

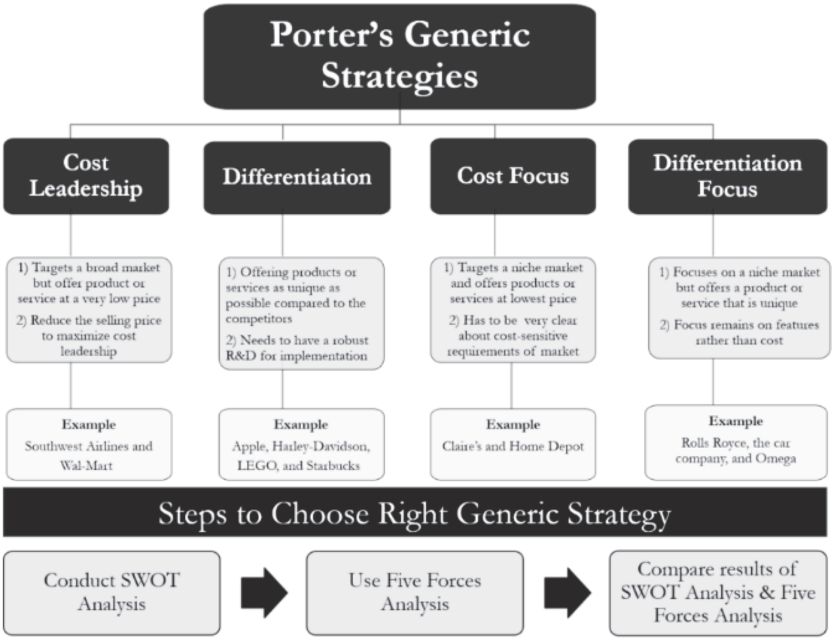


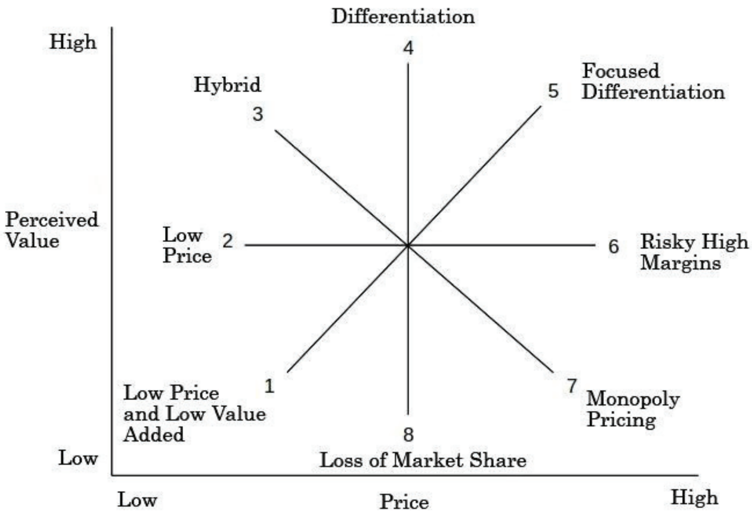
Figure 4. Overview of Porter's Models

As a dynamic category, strategic position doesn't need to be finalized. Its purpose is to find the ideal target competitive position. Porter and his five forces are unquestionably the most commonly used technique for analyzing the competitive market and assisting in the evaluation of a company's competitive position. [Porter, 2008] They are:

1. Competition in the industry.
2. Potential of new entrants into the industry.
3. Power of suppliers
4. Power of customers
5. Threat of substitute products

Figure 5. The Five Forces That Shape Industry Competition
Source: [Porter, 2008, 27]

Bowman's Strategy Clock is a model developed by Cliff Bowman and David Faulkner as an expansion to Porter's Generic Strategy model. [Bowman & Faulkner, 1996]



Picture 4. Strategy clock
Source: [Bowman & Faulkner,1996]

This tool attempts to assess a company's strategic positioning in terms of cost monetary and perceived value. When compared to Porter's Five forces, this model provides positions of both varieties. While the first five models are competitive, the last three are non-competitive. These strategic positions are:

1. Low Price and Low Value Added
2. Low Price
3. Hybrid (Moderate Price/ Moderate Differentiation)
4. Differentiation
5. Focused Differentiation
6. Risky High Margins
7. Monopoly Pricing
8. Loss of Market Share

Limitations

Even though Porter`s model is very popular, it is not without its limitations. This is mentioned by other scholars in Dälken's [2014] research. According to Aktouf [2004, 9-41], employing this structure does not ensure an impenetrable and sustainable competitive position. Another limit that Dälken points out through O'Shaughnessy [1984] states that Porter had no basis for selecting the five environmental forces. Arguably the most significant weakness, Flower [2004, 67-69] and Downes [1997] critique Porter's model for failing to address digitization, globalization, and deregulation as the main reason why industrial structures have evolved over the last few decades. The Five Forces model does not assess the resources and capabilities of a company, which are also relevant for analyzing the overall profitability Regardless of being created in the 1970s, Porter's 5 Forces can still help modern businesses decide whether to stay in their current business or not.

Bowman's Strategic clock, although easier to grasp then Porter's, is not without flaws. The boundaries between each position are somewhat blurred due to the clock formation. As a result, placement may be difficult to determine. Furthermore, this model does not take into account companies with multiple strategic positions.

According to Trout and Ries [1972], the following factors could be limiting in strategic positioning and as a result, the other should be considered If a corporation uses initials or a restricted title, it will not be memorable. Trying to appeal to all markets reduces a product's attractiveness; hence, focusing on a certain market group is recommended. While novelty is alluring in products, changing their identity makes them forgettable. Competing with a major brand could be harmful, thus shifting to a niche market to identify one's position is recommended.

Some other limiting factors which Aaker & McLoughlin [1972, 225-245] mention could be the following. Not connecting with a company's customers will not have a positive impact. New purchasers may be drawn in if their culture and heritage are reflected and supported. A diverse product range also reflects substance, acceptance, leadership, and, in many cases, the convenience of one-stop shopping. Aker and McLoughlin also stated that creating impressions is simple if the company's offer is based on innovation.

According to Cravens & Piercy [2009, 193-203], a crucial factor that they mention is consistency. Following a single positioning strategy throughout the lifespan of a product is essential as the use of several models can reduce the efficiency of positioning activities. According to Cravens and Piercy, establishing a strategic position ahead of competitors is the key to success.

Conclusion

Many powerful organizations have lost their positions after achieving significant business success and dominating their markets due to poor positioning strategies. The positions of conventional brands and enterprises become susceptible and unstable as a result of rising upstart businesses that have garnered enormous quantities of money and capital. Customers, enthralled by new products, high-tech innovations, cultivated sophisticated needs and specific needs and preferences. This is why strategic positioning is a dynamic category that requires planning over a long period of time.

A company's success is determined by what customers think, feel, and expect from their products. The issue arises in selecting effective methods and approaches that will provide the company with a true image of where their products are positioned and the deciding factors of future strategic positions.

Identifying limiting factors allows companies to refresh and expand their skills and resources, to redefine their attitudes and abilities and to respond to external changes with new strategic choices in order to improve the existing strategic position within the existing business.

Each of the aforementioned criteria can represent a distinct area of study in terms of their particular impact on the company's strategic stance.

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OGRANIČAVAJUĆI FAKTORI STRATEGIJSKOG POZICIONIRANJA PREDUZEĆA U OKVIRU POSTOJEĆEG BIZNISA

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Rezime: Strategijsko pozicioniranje, kao kritičan korak u definisanju strategije preduzeća, može se posmatrati kao jedan od najvećih doprinosa postizanju uspeha u odnosu na konkurenciju. Promene u okruženju mogu preduzeće u postojećem biznisu dovesti do potrebe formulisanja novih strategija koje će se suočiti sa eventualnim smanjenim prihodima i gubicima ili u drugom slučaju, sa neophodnošću bržeg razvoja, a sve cilju postizanja konkurentske prednosti. Svrha ovog rada je da prodiskutuje o identifikaciji i smanjivanju uticaja nekih od najčešćih ograničavajućih faktora na uspešan razvoj tržišne pozicije preduzeća u postojećem okviru poslovanja.

Ključne reči: strategija, pozicioniranje, tržište, ograničavajući faktori, konkurencija