



**Positioning in SMEs:
Entrepreneurs' perceptions and strategies**

Journal:	<i>Journal of Research in Marketing and Entrepreneurship</i>
Manuscript ID	JRME-09-2021-0120.R3
Manuscript Type:	Research Paper
Keywords:	Brand positioning, Competitive positioning, Entrepreneurial marketing, Small business, Small and medium sized enterprise, marketing strategy

SCHOLARONE™
Manuscripts

This author accepted manuscript is deposited under a Creative Commons Attribution Non-commercial 4.0 International (CC BY-NC) licence. This means that anyone may distribute, adapt, and build upon the work for non-commercial purposes, subject to full attribution. If you wish to use this manuscript for commercial purposes, please contact permissions@emerald.com.

Positioning in SMEs: Entrepreneurs' perceptions and strategies

Abstract

Purpose – The concept of positioning is fundamental to how a company approaches and succeeds in a market. Despite a growing body of literature on positioning, existing research has focused mainly on larger companies and brands. This paper applies the concept of positioning to SME companies to explore how SME entrepreneurs understand and approach the positioning of their company, and what differences exist compared to large companies and brands.

Design/methodology/approach - Using a qualitative research approach, the study is based on focus groups involving thirteen SME entrepreneurs. The data were analyzed using a qualitative structuring content analysis, which resulted in a newly developed and empirically based typology of SME positioning strategies.

Findings - The results indicate that SME entrepreneurs view positioning as highly relevant but differ from larger companies in terms of market and brand orientation. Building on the interviews, an empirical matrix of four positioning strategies was developed which SME entrepreneurs typically employ: Specialization, Differentiation, Conviction, and Opposition.

Originality/value – Overall, the present findings contribute to a better understanding of SME entrepreneurs' positioning strategies as important building blocks for market and brand success. The new positioning typology provides a conceptual contribution for further research in the marketing/entrepreneurship interface.

Practical implications - Based on the developed positioning typology, we propose a two-step approach for SME entrepreneurs. First: Gaining clarity on the basic positioning dimensions. Second: Exploring four strategic fields of action.

Keywords Brand positioning, Competitive positioning, Entrepreneurial marketing, Small business, Small and medium sized enterprise, Marketing strategy, market orientation, brand orientation

Paper type Research paper

Introduction

“You say: customers should find us hot. I say: customers should come and sign on the dotted line.” (Statement from one of our study participants)

Scholars and practitioners alike regard positioning as a key marketing concept (Aaker, 1996; Ries and Trout, 2001; Sawtschenko, 2005; Kapferer, 2008; Esch, 2010; Riezebos and van der Grinten, 2012; Hooley *et al.*, 2020; Keller, 2012; Urde and Koch 2014; Renton *et al.*, 2015; Kotler and Keller, 2016; Esch, 2019). Through appropriate positioning, companies seek to become competitive in a market by distinguishing themselves from their rivals and gaining prominence in the eyes of customers. In line with Urde and Koch’s definition (based on their comprehensive review of the relevant literature), positioning is seen as “the management process that seeks to establish a new position in markets and minds or modifies (fortify or change) an existing one” (2014, p. 479).

The concept of positioning is highly relevant in an increasingly competitive landscape of saturated markets and an “over-communicated society” characterized by low attention span (Ries and Trout, 2001, p. 6). As the concept of positioning encompasses strategy, marketing, and branding elements, there are different definitions and theoretical approaches (Urde and Koch, 2014, p. 479). Despite a growing body of literature (e.g., Saqib, 2020), research on positioning has focused mainly on large companies and brands. Based on a systematic review of the SME marketing literature, Bocconcelli *et al.* (2018) noted that “[the] recent literature lacks contributions dealing with segmentation and positioning strategies” (p. 243), and there is a clear need for more research on small and medium-sized enterprises (SMEs) in light of their distinctive character. Positioning and building brands “is a challenge for small business with limited resources and budgets” (Kotler and Keller, 2016, p. 314) and lack of marketing personnel and skills (Gruber, 2004). The “sometimes quite sophisticated methodology” (Hooley *et al.*, 2020, p. 198) of segmentation, targeting and positioning as presented in the

1
2
3 marketing literature does not sufficiently address the limitations SMEs face . Especially when
4
5 resources are limited, entrepreneurs need to focus and find new ways to markets, Kotler and
6
7 Keller (2016) state. While they provide some recommendations for SME branding, they cannot
8
9 build on an in-depth and empirical analysis of the positioning problem in SMEs (Kotler and
10
11 Keller, 2016, p. 315).
12
13

14
15 At a practical level, positioning is crucial for achieving competitive advantage (Renton *et al.*,
16
17 2015, p. 161) and thus the success of new ventures (Epple and Späth, 2019, p. 85), and
18
19 entrepreneurs need more relevant insights to help them gain a foothold in new or existing
20
21 markets.
22
23

24
25 To bridge this research gap, the present study seeks to contribute to the positioning and
26
27 entrepreneurship literatures in two ways: by extending the concept of positioning to SME
28
29 entrepreneurs as a key target group, and by exploring how these entrepreneurs approach the
30
31 positioning of their companies in the market. Accordingly, the present study addresses the
32
33 following research questions.
34
35

36
37 RQ1) To what extent do SME entrepreneurs perceive positioning as relevant to their
38
39 business?
40
41

42
43 RQ2) How do SME entrepreneurs approach the positioning of their company in the market,
44
45 and to what extent can it be characterized as market-oriented or brand-oriented?
46
47

48
49 The study employs a qualitative approach based on focus groups involving thirteen SME
50
51 entrepreneurs. The data were analyzed using a qualitative structuring content analysis, which
52
53 resulted in an empirically based typology of SME positioning strategies. The results indicate
54
55 that SME entrepreneurs view positioning as highly relevant but differ from larger companies in
56
57 terms of market and brand orientation. Overall, our findings contribute to a better understanding
58
59
60

of SME entrepreneurs' positioning strategies as important building blocks for market and brand success.

Theoretical Background

The concept of positioning

The concept of positioning is a fundamental element of a company's approach to a given market and its success in that market. Three distinct perspectives on positioning can be identified in the existing literature (Urde and Koch, 2014): the strategic management perspective, the marketing management perspective, and the brand management perspective, as shown in Figure 1.

Figure 1. The concept of positioning: Perspectives and elements

From a **strategic management** perspective, positioning is about gaining competitive advantage by focusing on market opportunities and on company strengths and resources. For example, Porter's well-known competitive matrix identifies three possible positioning strategies: *cost leadership*, *differentiation*, and *focus* (niche strategy) (Porter, 1985). "The competitive positioning of the company is a statement of market targets (*where* the company will compete) and differential advantage (*how* the company will compete)" (Hooley *et al.*, 2020, p. 44).

From a **marketing management** perspective, positioning is about identifying attractive market segments and anchoring the unique selling propositions (USPs) of products and services in customer perceptions. In the marketing management literature, this process is referred to as "STP" (Market Segmentation, Targeting and Positioning) (Kotler and Keller, 2016, p. 267).

According to Ries and Trout (2001) "Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect" (p. 2). They argue that in an information-saturated society, the volume of advertising messages exceeds people's capacity to absorb them. It

1
2
3 follows that marketers' only option is to sharpen the message to ensure that customers perceive
4 the offering as superior (Ries and Trout, 2001). The marketing management literature has
5 subsequently emphasized this focus on customer perceptions (Urde and Koch, 2014). For
6 example, positioning has since been characterized as "the heart of marketing strategy" (Keller,
7 2012, p. 79), and as "the act of designing the company's offer and image so that it occupies a
8 distinctive place in the mind of the target market" (Kotler and Keller, 2016, p. 297).

9
10
11
12
13
14
15
16
17 As brand building and **brand management** are established elements of the modern resource-
18 based view of marketing strategy, positioning is also closely related to the concepts of brand
19 identity, brand vision, and value proposition as distinct aspects of a brand that matter to
20 customers (Urde, 1994; Aaker, 1996; Kapferer, 2008; Esch, 2010). For example, Aaker (1996)
21 defined brand position as "the part of brand identity and value proposition that is actively
22 communicated to the target audience and that demonstrates an advantage over competing
23 brands" (p. 176). According to Esch (2010), brand identity, brand positioning, and brand image
24 are closely related; brand identity is the starting point for brand positioning, and brand image is
25 "[a] measure of the more or less successful transfer of identity through positioning of the brand
26 on the market" (p. 90).

27
28
29
30
31
32
33
34
35
36
37
38
39
40 These different views and definitions of positioning and its elements traverse a broad spectrum,
41 which can be a "serious issue" in practice (Urde and Koch, 2014, p. 479) and creates difficulties
42 for researchers (Saqib, 2020). Aaker and Shansby noted this problem as early as 1982:
43 "Positioning means different things to different people. To some, it means the segmentation
44 decision. To others it is an image question. To still others it means selecting which product
45 features to emphasize" (1982, p. 56). Considering this complex theoretical background, it is
46 important to learn more about how it is perceived by SME entrepreneurs. Do they perceive
47 positioning more from a strategy, marketing or branding perspective?
48
49
50
51
52
53
54
55
56
57
58
59
60

The process of positioning

Positioning can be characterized as a two-part process: devising a positioning strategy and implementing it in the marketing mix (Armstrong *et al.*, 2009; Hooley *et al.*, 2020). Once a company has decided and defined its positioning strategy, the next step is to communicate the intended position to its target groups, anchoring it in their perceptions (Armstrong *et al.*, 2009, p. 220). In the present study, we confined our attention to the first part of the process: the analysis and design of positioning strategies.

Urde and Koch (2014) distinguish between two different approaches to positioning, reflecting two distinct logics that companies can follow: *market-oriented* and *brand-oriented* (2014, p. 481). While market orientation represents an outside-in approach, focusing on the needs and demands of the target market, brand orientation is an inside-out approach, focusing on brand identity (i.e., brand vision and values) as a point of departure and frame of reference for establishing a brand image. The duality of these positioning approaches is analogous to the strategic management problem of “who should be fitted to whom” (de Wit and Mayer, 2004, p. 249) - that is, whether a company should take environment and market conditions as the starting point for its strategic decisions, adjusting its resources accordingly (outside-in), or proceed from its resources and strengths to choose a best-fit environment and market (inside-out).

Although there has been scholarly works to consider market orientation and brand orientation as dynamic and hybrid approaches (Urde *et al.*, 2011), the two perspectives echo a fundamental discussion in entrepreneurship research regarding the nature of the entrepreneur as someone who *creates new business opportunities* from within (Schumpeter’s view) or *discovers new opportunities* in market disequilibrium (Kirzner’s view) (Zellweger *et al.*, 2019). Against this background, the distinction between market orientation (outside-in) and brand orientation

(inside-out) can help to illuminate SMEs' positioning processes. Do entrepreneurs take a more market-oriented or brand-oriented or even a hybrid approach to positioning?

Current State of Research

Applications of the concept of positioning have been extensively investigated in marketing and branding studies worldwide (Saqib, 2020), including the positioning of personal brands (Shafiee *et al.*, 2010), sport brands (Lee *et al.*, 2018), green brands (Wang, 2017), hotel brands (Hu and Trivedi, 2020), and city brands (Larsen, 2018), as well as in B2B contexts (Panda *et al.*, 2018). However, few studies have focused specifically on SMEs' positioning processes (Boccencelli *et al.*, 2018, p. 243); those addressing the strategic dimension of positioning in SME marketing and brand management (Lefebvre, 1993; Tan Swee Lin and Smyrnios, 2007; Spence and Hamzaoui-Essoussi, 2010; Reijonen *et al.*, 2012; Roach *et al.*, 2014; María García-Pérez *et al.*, 2014; Renton *et al.*, 2015; Chen and Schiele, 2017; Muhonen *et al.*, 2017; M'Zungu *et al.*, 2019; Dressler and Paunovic, 2021) are reviewed here in order to highlight characteristics of positioning approaches in SMEs compared to those of large companies.

Positioning approaches in SMEs

Research on growing SMEs shows that they tend to adopt a more explicit market and brand orientation than their stable or declining counterparts (Reijonen *et al.*, 2012). They invest more in their marketing capabilities (Joensuu-Salo *et al.*, 2022) and target markets more precisely than slow-growing SMEs which are "trying to be 'everything to everyone'" (Lee and Smyrnios, 2007, p. 69). SMEs with a stronger competitive orientation are more innovative in the marketplace (Lefebvre, 1993) and develop greater competitive advantages (Renton *et al.*, 2015).

1
2
3 However, Reijonen *et al.* (2012) also found that competitor orientation as an element of market
4 orientation was generally quite low among SMEs although “regarded as an important factor
5 when positioning a firm in the markets” (*ibid.*, p. 713). Likewise, María García-Pérez *et al.*
6 (2014) note that SMEs tend to focus their strategic orientation on internal factors and their own
7 resources rather than on external factors such as competitors. SME entrepreneurs seem to rely
8 and compete more on their company’s strengths rather than “venturing into market areas that
9 might be too risky” (Spence and Hamzaoui-Essoussi, 2010, p. 1047). Chen and Schiele (2017)
10 come to the same conclusion, noting that this tendency exists not only between SMEs and large
11 firms but also between micro and medium-sized firms; for example, micro-SMEs (i.e., firms
12 with fewer than ten employees) tend to adopt internal strategies more than small and medium-
13 sized SMEs.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

29 In summary, the lack of competitor orientation in SMEs as part of their market orientation might
30 be a fundamental difference between the positioning approaches of SMEs and large companies,
31 which could be due to the lack of financial resources and marketing personnel in SMEs
32 (Abimbola, 2001; Kotler and Keller, 2016; Joensuu-Salo *et al.*, 2022) to conduct market
33 research as well as the lack of marketing knowledge and skills of many SME entrepreneurs
34 (Gruber, 2004; Van Sheers, 2011).
35
36
37
38
39
40
41
42

43 For SME entrepreneurs, who have difficulties in pursuing a market-oriented approach, a more
44 brand-oriented approach appears to be a promising way forward, especially since it has already
45 been shown that brand-oriented positioning in SMEs has a direct positive effect on brand
46 performance, which in turn positively affects SME financial performance (Muhonen *et al.*,
47 2017).
48
49
50
51
52
53

54 In their recent study of SME brand management, M’Zungu *et al.* (2019) examine the companies’
55 strategic focus (inside-out vs outside-in) to develop a typology of SME brand management.
56
57
58
59
60

1
2
3 They argue that SME owner-managers' primary brand positioning focus and brand
4
5 implementation capacity determine brand management types as *organization brand identity-*
6
7 *driven, operations-driven, organization brand image-driven, or opportunistic.*
8
9

10 Although these studies provide important insights into the strategic orientation of SMEs, none
11
12 examine how SME entrepreneurs perceive the relevance of positioning as a concept and how
13
14 positioning in SMEs differs from large firms. While some studies explore industry-specific
15
16 branding and positioning strategies of SMEs (Dressler and Paunovic 2021; Chen and Schiele
17
18 2017), we address the research gap of analyzing SME positioning strategies with a focus on
19
20 market and brand orientation.
21
22
23
24
25
26
27

28 ***Methodology***

29 **Research design**

30
31
32 For our study we employed a qualitative research design involving three focus group interviews
33
34 with SME entrepreneurs ($N = 13$). Focus groups are an appropriate means of exploring and
35
36 reconstructing subjective experiences and generating hypotheses about neglected or complex
37
38 phenomena (Tausch and Mendold, 2015, p. 6) and can provide "valuable data on the extent of
39
40 consensus and diversity among the participants" (Morgan, 1996, p. 139). According to Zwick
41
42 and Schröter (2012), the group acts as a corrective in this regard, as "discursively robust aspects
43
44 can be distinguished from aspects that do not find support in the group process" (p. 25). Our
45
46 research approach was informed by the need to reconstruct SME entrepreneurs' subjective
47
48 experiences of positioning and to capture the spectrum of opinion regarding its relevance.
49
50 Accordingly, we opted for the focus group approach instead of conducting individual interviews
51
52 in order to be able to collect these valuable group effects as well.
53
54
55
56
57
58
59
60

Sampling

In recruiting the focus groups, we followed the European Commission's (2003) definition of SMEs to ensure homogeneous sampling in terms of company size and participants' day-to-day reality (see Table 2). On that basis, SMEs were assigned to one of three categories: micro (< 10 employees, turnover < 2 million euro); small (< 50 employees, turnover < 10 million euro); or medium-sized (< 250 employees, turnover < 50 million euro). To ensure heterogeneity and diversity of opinion within the groups beyond company size, sampling was independent of industry or business sector. This also enabled us to recruit SME entrepreneurs through our personal networks, and this case selection by opportunity encouraged greater openness during the two-hour group discussions.

Table 1. Profiles of participating companies

Data collection

In contrast to group discussion methods based on open and self-directed discourse, the focus group approach is more structured and seeks to capture participants' opinions about specific issues (Kruse, 2015, p. 199). To develop the interview guide (Table 2) and the main categories, we conducted two pretests, each involving one non-participating SME entrepreneur. In the second pretest only, question Q3 (regarding market-oriented and brand-oriented positioning) was explained using two example cases: Pepsi (for market-oriented positioning) and Volvo (for brand-oriented positioning). After assessing response behaviors and the respondent's positive feedback, we decided to use these examples as stimuli in the focus groups too. Because of the pandemic, the focus groups were conducted by online video conferencing and were video-recorded. Participants were informed in advance about how their data would be handled.

Table 2. Interview guide for focus groups

1
2
3
4
5
6 Each focus group was set a time limit of two hours, yielding net discussion time of
7 approximately 90 minutes per group, as the first 30 minutes were used to introduce participants
8 and the study aim and procedure. All recordings were anonymized and focus group transcripts
9 were imported to the MAXQDA software program for qualitative data and text analysis.
10
11
12
13
14
15
16
17

18 **Data analysis**

19
20
21 The data were analyzed using qualitative structuring content analysis as described by Kuckartz
22 (2018). The data analysis was based on a category system with of four main categories, which
23 were deductively derived during the first step (see Table 3 and Appendix A). After coding all
24 text passages in terms of the four main categories, subcategories were formed inductively in a
25 second run before finally being combined within a more distinguished category system. We
26 adopted Morgan and Hoffman's (2018) coding system to analyze discussion and interaction
27 within the focus groups. This coding system captures both "interpersonal connections" such as
28 *agreement, disagreement, and support* and discussion elements such as *change in topic,*
29 *continuation of topic connections,* and *questions and answers* (both among participants and
30 between moderator and participants) (Morgan and Hoffman, 2018, p. 522).
31
32
33
34
35
36
37
38
39
40
41
42
43
44

45 Table 3. Definition of main categories
46
47
48
49
50

51 **Typology of positioning strategies**

52
53 Building on the above analysis, we developed a typology of positioning strategies based on our
54 empirical data to address research question B, focusing on whether and how the positioning
55 strategies mentioned by participants could be mapped to the market-oriented and brand-oriented
56
57
58
59
60

1
2
3 paradigms. According to Kuckartz (2018), empirical typology development involves five main
4
5 phases: (1) determination of attributes; (2) grouping of individual cases to form the typology;
6
7 (3) description of the typology; (4) mapping of cases to types; and (5) contextual analysis (p.
8
9 147). It is characteristic of our typology that individual cases do not represent interviewees'
10
11 views but refer to positioning strategies mentioned by those individuals (Kelle and Kluge,
12
13 2010). For example, the following statement includes different positioning strategies mentioned
14
15 by one micro-SME entrepreneur.
16
17

18
19
20 Firstly, we offer premium coworking, which differentiates us from other providers by
21
22 simply orienting the offering to a premium target group. Secondly, we have developed
23
24 a principle we call "XY" [...] which means we don't just offer rooms but also offer
25
26 opportunities to meet, as well as training at various levels. And yes, that clearly
27
28 differentiates us from the market. The other thing is that we position ourselves between
29
30 the very large providers that are active nationwide and the very small ones that have
31
32 only individual spaces. [Micro, item 2¹]
33
34
35
36
37
38
39

40 **Results**

41 **Perceived relevance of positioning in SMEs**

42
43 All participants clearly had some initial idea of what positioning means and were able to reflect
44
45 on the concept, apply it to their own company, find examples, and make recommendations for
46
47 other founders. There was agreement about the relevance of positioning at some points in the
48
49 discussion, but there were also some differences. During inductive coding, the main category
50
51 *Perceived Relevance* yielded four subcategories: *time-related*, *market-related*, *brand-related*,
52
53 and *industry-related* (see Appendix B).
54
55
56
57
58
59

60 ¹ Item refers to the text element coded in MAXQDA.

1
2
3
4
5
6 (1) *Positioning in SME is perceived as highly dynamic*
7

8 Across all three focus groups, positioning was not understood as a one-time decision but rather
9 as a dynamic process of recurring relevance throughout the company's history, from founding
10 to the present day (a period of 20 years in some cases). For example, increasing competition
11 over time, changes in business strategy (diversification), or the founder's personal development
12 were mentioned as potential reasons for (re-)positioning.
13
14
15
16
17

18
19 As I said at the beginning, when I first adopted this business model [...], there was no
20 other offering of the kind, but now there are many similar offerings. This means that a
21 completely different positioning is now required, involving a sharpening of the focus,
22 contour, and range of services and a redefinition of added value. [Medium, item 23]
23
24
25
26
27

28 Another participant referred to the development of one's own personality as the starting point
29 for renewed reflection on the company's positioning.
30
31

32
33 We start with a [certain] positioning because we are who we are, but as our personality
34 evolves, positioning also evolves, and that's why we have to be very adaptable. [Micro,
35 item 18]
36
37
38
39

40 Notably, *agility* was seen as relevant in all groups, especially in a company's initial phase. In
41 most cases, adaptability to the market was seen as a prerequisite for the ability to position
42 oneself at all. For example, one participant from a micro enterprise referred to the need to
43 understand market requirements.
44
45
46
47

48
49 I don't really get to know my market until I've been in it for a while. Then I get to know
50 the requirements and what people need. [Micro, item 30].
51
52
53
54

55 The need for adaptability in small enterprises was also mentioned.
56
57
58
59
60

1
2
3 Especially when starting out, you might not yet know the market very well, and it could
4
5 your own assessment of your positioning is simply wrong. That's why, especially for
6
7 me, adaptability or agility is the key factor. [Small, item 17]
8
9

10
11
12
13
14 *(2) Specialization in SMEs leads to a strong customer focus and less competitor orientation*

15
16 The Medium Enterprise focus group felt that entrepreneurs are already automatically positioned
17
18 by their business idea.
19

20
21 In the early stages, so to speak, one thing is very crucial and that is: am I solving a
22
23 customer's problem? Yes. So, if I solve a customer's problem, then I would say that
24
25 positioning arises automatically. [Medium, item 10]
26
27

28
29 I can agree 100% with that. I think every entrepreneur does something - starts a company
30
31 - because he thinks he has an offering and has already positioned himself accordingly.
32
33 [Medium, item 14]
34
35

36
37 To understand these statements, it is important to note that all four entrepreneurs in the Medium
38
39 Enterprise focus group had a strong specialization when commencing their business activities.
40
41 Some described this as a niche strategy - in other words, they had identified a gap in the market
42
43 and were therefore able to operate and develop in the market with their product offering in the
44
45 absence of significant competitive pressure.
46
47

48
49 In contrast, one startup entrepreneur in the Micro Enterprise group positioned her venture with
50
51 an innovative product in a highly competitive traditional market (household goods).
52

53
54 On the other hand, we have an incredibly large and crowded market, and it's also become
55
56 very international now for everyone. [...] So I think that the prerequisite for attracting
57
58 customers on a larger scale, that you also get a good circulation, is of course good
59
60

1
2
3 positioning because from there I communicate who I am, what I can do as a product,
4
5 and so forth. And to that extent, I think that's [positioning is] of fundamental importance.

6
7 [Micro, item 14]

8
9
10 It seems clear that the relevance of positioning for SMEs in the initial phase depends on the
11
12 competitive situation in the market. Perceptions of the competition and the importance of
13
14 positioning for differentiation from the competition changed across the different focus groups.

15
16
17 The issue was intensively discussed in the Medium Enterprise group.

18
19
20 I don't look at my competitors. I talk to my customer. And when customers say 'That
21
22 was great' or 'That wasn't so good, do that differently,' I need that. I learn to tune in to
23
24 that and respond to that. So it doesn't happen that I am rather than looking at
25
26 competitors' websites. [Medium, item 45]

27
28
29 I'll make it controversial. [...] I think market entry always succeeds when you solve a
30
31 problem that a competitor doesn't solve. So, I think a competitor-detached view is risky.

32
33
34 [Medium, item 62]

35
36
37 Regarding market orientation, participating SME entrepreneurs that were highly specialized
38
39 and had a strong customer focus tended to pay less attention to the competition.

40
41
42
43
44
45
46 (3) *SMEs tend to emphasize brand identity (inside-out) over brand image (outside-in)*

47
48 In terms of the perceived importance of brand-oriented positioning, the interviews identified
49
50 four key dimensions: *Vision and Values*, *Personality of the Founder*, *Competence (Strength)*,
51
52 and *Visibility and Reputation*. The importance of brand in the early stages of an SME proved
53
54 controversial, as some participants believed that a brand develops over time and becomes
55
56 significant only with company growth.
57
58
59
60

1
2
3 So you start up because you have a certain solution for [a certain] market, which means
4
5 you are initially market-oriented. And conversely, for most founders, if they don't go in
6
7 with a lot of money, it's usually not possible to position yourself in a brand-oriented
8
9 way, because you don't have the necessary marketing budget to build the brand. [Micro,
10
11 item 23]
12
13

14
15 And the larger the company becomes and the larger the field of activity becomes, the
16
17 more employees, the more customers [you have], the more important the issue of brand
18
19 becomes. [Medium, item 62]
20
21

22
23 In contrast, other participants felt that brand identity and a focus on company values and vision,
24
25 addressing questions like 'Why?' and 'What do I stand for?' play a major role from the very
26
27 beginning - for example, in terms of team cohesion or recruiting employees who share these
28
29 values. This issue proved especially significant in the Small Enterprise group, with mutual
30
31 endorsements.
32
33

34
35 But what is much more important in the initial phase, what I would recommend to
36
37 everyone, would be the topic of values and mission.... Vision also... [...] for example,
38
39 you value quality or sustainability. [Small, item 18]
40
41

42
43 I think the important questions at this point are 'Why does the company exist?'; 'What
44
45 do you want to achieve?'; and 'What is the common concern?' That's important for
46
47 customers, but it's also very important for potential employees. [Medium, item 93]
48
49

50
51 In the Micro Enterprise group, values were seen to be closely related to the founder's
52
53 personality.
54

55
56 So maybe again on personality ... I think it's important that you know what you stand
57
58 for and also... So not just personality of the entrepreneur but also of the company.
59
60 [Micro, item 35]

1
2
3 Exactly. And you bring values in as well. Super important. So in terms of ‘what do I
4 stand for,’ a lot comes down to personality: can I go along with that, can I not go along
5 with that, and so on. [Micro, item 36]
6
7
8
9

10 In the Small Enterprise group, this issue was placed in a social context.

11
12
13 Besides what is important to us, are we also economically successful? Because only if
14 we can answer this question at the end of the day can our company be a beacon for... the
15 society or the environment in which we stand. [Small, item 37]
16
17
18
19

20
21 For some entrepreneurs, in addition to their values, their own competences and strengths
22 informed positioning.
23

24
25
26 In our craft, most people tend to start out with the hawker’s tray and then, it just turns
27 out, when they are really good, they just do what they enjoy and then focus. [Small, item
28 15]
29
30
31
32

33
34 Remarkably, there was hardly any discussion in the Micro and Small Enterprise groups about
35 the issue of "brand image" - perceptions of the brand from the customer’s perspective. The only
36 exception was the startup entrepreneur, who felt it is particularly important to find “the right
37 format” for positioning and that “you are not perceived as too big or too small, or as wrong”
38 [Micro, pos. 31]. In the Medium Enterprise group, this issue proved to be controversial. While
39 one entrepreneur attached great importance to a “polished image” [Medium, item 6] and
40 planned targeted measures such as local events to that end, others preferred to focus on
41 communicating strengths of relevance to the offering.
42
43
44
45
46
47
48
49
50
51

52
53 So XY, you say customers should find us hot. I say, the customers should come and sign
54 on the dotted line. And that’s why we have to make an attractive offer and have to
55 present our strengths accordingly, so that the customer just decides in our favor.
56
57
58
59
60 [Medium, item 53]

1
2
3 At various points, participants noted the difficulty of making general statements about the
4 importance of positioning for SMEs, and that the issue must be considered in the respective
5 industry or market context. For example, skilled trades commonly start out with a broad
6 portfolio and specialize over time; in contrast, startups in the corporate environment insist on
7 clear positioning from the very start.
8
9
10
11
12
13
14
15
16
17

18 **SME positioning strategies**

19
20
21 Based on the empirical data of our focus group discussions and the two positioning paradigms
22 (market-oriented as outside-in and brand-oriented positioning as inside-out), we developed a
23 framework and analytical scheme comprising four dimensions (Table 4). In terms of positioning
24 strategy, brand orientation focuses on either the *competence* or *core values* of the company in
25 question while market orientation focuses on *customers* or *competition* as starting point and
26 frame of reference. The resulting typology represents a new categorization of the positioning
27 concept and encompasses four types of positioning strategy: (1) *specialization*; (2)
28 *differentiation*; (3) *conviction*; and (4) *opposition*. Analysis of the main category *Positioning*
29 *Strategies* yielded 23 subcodes (*strategies*), which could be grouped in terms of the proposed
30 typology (Appendix C).
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

48
49
50
51
52
53
54
55
56
57
58
59
60
Table 4. Typology of SME positioning strategies

(1) *Specialization*

This type includes positioning strategies that relate more to an SME's individual expertise and target groups rather than to differentiation. As a participant from the Medium Enterprise group described it,

1
2
3 We actually started with a relatively clear idea of what we wanted to do for ... our
4 customers. And that was also our claim at the outset: 'Tools for wiki-based
5 documentation.' [Medium, item 2]
6
7
8
9

10 A positioning strategy of the *specialization* type focuses on *what* the company does for its
11 customers. In extreme cases, the SME entrepreneur pursues a niche strategy—for example, by
12 offering a special product or targeting selected groups in the absence of any perceived
13 competition.
14
15
16
17
18
19

20 Yes, well, we come from a challenging market [of] development banking, and we are
21 one of the few companies still active there at all in that market. That means that this is
22 simply... a niche, if you will, in terms of the industry. [Medium, item 8]
23
24
25
26
27

28 (2) *Differentiation*

29

30 As a positioning strategy, *differentiation* is focused on the competition and the SME's
31 individual competences and service offering. As described by a participant from the Small
32 Enterprise group,
33
34
35
36

37 And we want to advertise more and more that we're not just one of 700 [online agencies]
38 but the one that knows most about the system because we're developing it ourselves and
39 leading that development. [Small, item 2]
40
41
42
43
44
45

46 Accordingly, differentiation focuses on what makes the SME different or better when compared
47 to their competitors.
48
49

50 (3) *Conviction*

51

52 This type of positioning strategy is less about differentiation from the competition, but rather
53 an expression of core values that are relevant to customers.
54
55
56
57
58
59
60

1
2
3 We are partners, which also means we don't promise that nothing will go wrong with
4
5 us because things do go wrong. But we promise that we will always act with absolute
6
7 openness, so to speak. And I think this is what our customers appreciate. [Micro, item
8
9
10 41]

11
12
13 Accordingly, a conviction-based strategy focuses on what the SME stands for—the values and
14
15 beliefs that inform its relationship with customers and delivery of its service offering.

16 17 18 (4) *Opposition*

19
20
21 This type of positioning strategy is focused to oppose the SME from its competitors on the basis
22
23 of its core values.

24
25
26 So in the beginning, we had to distinguish our offering from concrete products, in the
27
28 meantime we distinguish ourselves from other natural stones. We actively advertise, for
29
30 example, that none of our materials are from overseas using ecologically questionable
31
32 methods of transport or come from countries where child labor is commonplace. [Small,
33
34
35 item 6]

36
37
38 Table 5 summarizes the different combinations of positioning strategies based on individual
39
40 case analyses.

41 42 43 Table 5. Positioning strategies: Individual case analyses

44
45
46
47
48
49
50
51
52 Cross-analysis of focus groups revealed that *differentiation* and *conviction* strategy types
53
54 predominate in the Micro Enterprise group while *specialization* predominates in the Medium
55
56 Enterprise group. The Small Enterprise group was more heterogeneous, with one participant
57
58 (E9) employing all four strategy types.
59
60

Discussion

The objective of the present study was to illuminate how SMEs understand and approach strategic positioning based on qualitative data from 13 SME entrepreneurs assigned to three distinct focus groups. In particular, we investigated the relevance of the positioning concept as perceived by SME entrepreneurs and the strategies they apply in positioning their company in the market.

Contribution to the SME literature

The results of the qualitative content analysis indicate that the participating SME entrepreneurs perceive positioning as highly relevant. Our findings align with Muhonen *et al.*'s (2017) quantitative study, which reported that brand positioning was highly relevant for small and medium-sized enterprises. Our qualitative data support the view that SME entrepreneurs differ in some regards from large companies and brands in terms of their understanding and deployment of positioning strategies. In the next sections, we will reflect on the main differences of SME positioning in light of the existing literature.

(1) Differences in market orientation

With regard to market orientation, participants generally considered it relevant to differentiate their company from competitors. However, direct customer contact, profile building in dialog with customers, and highlighting the company's own strengths were considered even more important for positioning than analyzing the strengths and weaknesses of the competition. These results align with Roach *at al.* (2014) stating that SMEs "tend to derive their competitive advantage from superior customer understanding" (ibid, p. 129) and Reijonen *et al.*'s (2012) finding that competitive orientation as an element of market orientation is relatively rare in SMEs. In this respect, we found that market size and company growth targets are a very

1
2
3 important aspect of positioning in SMEs. Startups seeking to establish their products and
4 services through rapid company growth in a highly competitive global market must be more
5 focused on positioning from the outset than SMEs where flexibility in a smaller market leads
6 to more natural company growth and positioning over time. This is apparent in the differing
7 views of the startup entrepreneur as compared to other participants and confirms findings of
8 Tan Swee Lin and Smyrnios (2007) on the marketing strategies of fast-growing firms.
9
10
11
12
13
14
15
16
17
18

19 *(2) Differences in brand orientation*

20
21 A similar shift of focus was observed in relation to brand orientation. Rather than seeking to
22 establish a particular brand image (*how we want to be perceived by our customers*), SME
23 entrepreneurs tend to emphasize the development of brand identity and corporate self-image
24 (*what we do and what we stand for*). In contrast to Renton *et al.* (2015), we could not identify
25 any difference between small and medium-sized firms in this respect. However, our findings
26 are consistent with those of Renton *et al.* (2015) regarding the use of brand management
27 practices by SMEs for the purpose of positioning and communicating brand identities to
28 customers. Positioning is seen as a significant expression of brand identity - for example, also
29 in attracting new employees. In this context, the founder's values inform company positioning,
30 aligning with Spence and Hamzaoui-Essoussi's (2010) contention that "brands in SMEs are the
31 continuation of the entrepreneur's vision, beliefs and values" (p. 1048).
32
33
34
35
36
37
38
39
40
41
42
43
44
45

46 Despite these differences in focus (customer orientation rather than competitive orientation;
47 brand identity rather than brand image), the participating SME entrepreneurs regarded
48 positioning as highly relevant. SMEs must repeatedly address their own positioning processes.
49 In so doing, they develop company strategies - sometimes very explicitly and thoughtfully,
50 sometimes more implicitly and intuitively.
51
52
53
54
55
56
57
58
59
60

(3) *Hybrid SME positioning approaches*

While our study confirms previous findings regarding SME market and brand orientation (Tin Swee Lin and Smyrniotis, 2007; Spence and Hamzaoui-Essoussi, 2010; Reijonen *et al.*, 2012; Roach *et al.*, 2014; Renton *et al.*, 2015; Chen and Schiele, 2017; Muhonen *et al.*, 2017; M'Zungu *et al.*, 2019), our newly developed typology of SME positioning strategies (see Table 4) extends previous research and provides a basis for further research with direct practical application in small and medium-sized enterprises.

Specifically, our typology combines the perspectives of market orientation and brand orientation, resulting in four types of strategic positioning in SMEs (specialization, differentiation, conviction and opposition). This facilitates the systematic classification of the various positioning strategies and tactics that SME entrepreneurs consciously or unconsciously adopt at an operational level (Appendix C). In this regard, we echo Urde and Koch's argument that market- and brand-oriented positioning are distinct but synergetic approaches that are in practice "a combination of the two paradigms" (2014, p. 482).

With the exception of M'Zungu *et al.* (2019), the close relationship between strategic and operational perspectives on marketing and brand management in SMEs has not previously been explored in the SME literature. In contrast to M'Zungu *et al.*'s (2019) brand management typology, which draws a basic distinction between internal and external positioning (organization brand identity vs organization brand image), our framework provides a more detailed and hybrid perspective on SME positioning.

Practical contribution to SME entrepreneurs

For practical application of the proposed typology, the graphical representation in Figure 2 maps positioning dimensions and corresponding strategy types. The horizontal axis shows market orientation in terms of customer and competition dimensions. On the vertical axis, brand

1
2
3 orientation is related to the dimensions of competence and core values. The combination of
4
5 these dimensions specifies positioning strategy (specialization, differentiation, conviction,
6
7 opposition).
8
9

10
11
12 Figure 2. Positioning: Dimensions and strategies
13
14

15
16
17 For SME entrepreneurs, we propose a two-step approach to achieve a promising positioning
18
19 strategy within this framework:
20

21 **1. Gaining clarity on the positioning dimensions**

22
23 The first step for SME entrepreneurs is to clarify the basic positioning dimensions.

24
25 Specifically, the focus is on finding answers to these fundamental questions:

- 26
27
28 ■ Who is our target group? What are their needs and wants? (Customers)
- 29
30
31 ■ What do we offer? What are our strengths? (Competence)
- 32
33
34 ■ Who is competing with us? What are they good at? (Competition)
- 35
36
37 ■ Why do we do what we do? What values are we stand for? (Core Values)

38
39 Given the limited resources of SMEs (Kotler and Keller, 2016), entrepreneurs need to
40
41 decide how deep they want to and can go into the analysis. In our view, this step is not
42
43 primarily a question of how comprehensive the answers are but rather of SME entrepreneurs
44
45 consciously reflecting on all four dimensions and gaining clarity for themselves.
46
47

48 49 **2. Exploring four strategic fields of action (see Figure 2).**

50
51 SME entrepreneurs can use this framework to review all four positioning strategies
52
53 (Specialization, Differentiation, Conviction and Opposition) before deciding how best to
54
55 establish and communicate their company's positioning in the market. Accordingly, the
56
57
58
59
60

second step involves understanding the typology as four strategic fields of action that can be systematically explored with the following guiding questions:

(1) Specialization: Claim your sweet spot

How do we focus our offering with regard to our target groups?

Is there potential for specialization on the market?

(2) Differentiation: Claim your advantage

How do we focus our offering with regard to our target groups?

Is there potential for specialization on the market?

(3) Opposition: Claim your unique DNA

How do our values contrast with the competition?

Is there potential to show unique character attributes that stands out from competitors?

(4) Conviction: Claim your emotional benefit

How do we make our values experienced by our target groups?

Is there potential to address an emotional benefit that is particularly important for our customers?

To further illustrate these positioning strategies with concrete business examples, we have analyzed the website of two SMEs that are present on the market not only locally or regionally, but nationally and internationally: Lemonaid Beverages (lemon-aid.de/en/), a German medium-sized social company with currently about 100 employees and Spikeball Inc, (spikeball.com), an American small-sized company with currently 40 employees. (Appendix D)

Contribution to the positioning literature

The present study contributes not only to the SME literature, but also to positioning research in general. Despite the large number of studies and use cases, Saqib (2020) noted that “more

1
2
3 research is needed to obtain a better general understanding of the positioning concept” (ibid.,
4
5 p.145).

6
7 Conceptually, the present study connects the various perspectives on positioning (strategic
8
9 management, marketing management, and brand management) in one single graphical
10
11 representation (Figure 1) and throughout the study, shows how the different perspectives
12
13 (market-orientation and brand-orientation) enhance each other. The newly developed typology
14
15 combines both perspectives and provides a new strategic framework which can be used both in
16
17 further research and practice.
18
19

20
21 Overall, then, the proposed framework makes a practical contribution to the efforts of brand
22
23 experts, practitioners, and agencies, which, according to Duncker *et al.* (2015), often lack any
24
25 competitive perspective. In their survey of marketing practitioners in Germany (N = 204), they
26
27 concluded that although “differentiation from the competition” is the most important objective
28
29 of positioning, accounting for 90% of cited works, this issue is often disregarded in positioning
30
31 models, which tend to be unduly identity-oriented (Duncker *et al.*, 2015, p. 78).
32
33
34
35
36

37 ***Conclusion, Limitations and further research***

38
39
40 In this study, we investigated the concept of positioning in the SME sector, based on three focus
41
42 group interviews that captured the perceptions and strategies of SME entrepreneurs. Our
43
44 findings confirm the importance of positioning in SMEs while also highlighting opportunities
45
46 for further research arising from the study’s limitations. Although there were clear differences
47
48 between the three focus groups, the small sample makes it impossible to draw any general
49
50 conclusions about how micro, small, and medium-sized companies differ in their understanding
51
52 and use of positioning strategies. For example, we found that the Conviction strategy
53
54 predominated in the Micro group while the medium-sized group more often referred to
55
56 Specialization. However, further research is needed in order to determine whether this reflects
57
58
59
60

1
2
3 a more general tendency as also Oly Ndubisi and Iftikhar (2012, p. 231) stated: "there is limited
4
5 research comparing or contrasting small and medium-sized firms" (2012, p. 231).
6
7

8 Given the small and heterogeneous sample, we were also unable to draw any specific
9
10 conclusions about particular industries or markets. In comparison, for example, Odoom *et al.*
11
12 (2017) found such differences with regard to branding efforts among service SMEs and
13
14 manufacturing SMEs. However, it remains unclear whether craft enterprises always tend to
15
16 position themselves more broadly at the outset before specializing over time, and in-depth
17
18 research investigating individual sectors and markets would be useful here.
19
20
21

22
23 A second limitation relates to the nature of group discussion, which tends to generate a broad
24
25 spectrum of opinions and perspectives but also makes it difficult to analyze specific issues in
26
27 greater depth. For example, the data made it impossible to determine the extent to which
28
29 participants could be assigned to the two positioning paradigms (inside-out versus outside-in).
30
31 Theoretically, both approaches are conceivable for all four positioning strategies; for example,
32
33 a Specialization strategy might be strongly influenced by the target customer's requirements,
34
35 prompting an outside-in approach. Equally, a Specialization strategy might be based on the
36
37 company's strengths and individual competence, encouraging an inside-out approach. In-depth
38
39 analysis of individual cases would be needed to address this issue. In the same way, the question
40
41 of how market positioning relates to the entrepreneur's personality could not be addressed in
42
43 more detail because of the nature of the data, which again suggests a hypothesis for further
44
45 research.
46
47
48
49

50
51 The nature of group discussion also limited identification of participants' positioning strategies.
52
53 As there was insufficient time to interview each individual during the focus group discussion,
54
55 narrative interviews might for example elicit further positioning strategies. In our view,
56
57 however, individual case analyses and cross analysis would be unlikely to alter the typology.
58
59
60

1
2
3 A fourth limitation relates to the participants' one-sided perspective on positioning. As the
4
5 concept includes both strategic orientation (i.e., a company's intended position) and positioning
6
7 as communicated and perceived in the market, the present study could not determine whether
8
9 the participants' statements coincide with the perceptions of key stakeholders (customers,
10
11 employees, competitors). This question of the effects and success of a given positioning strategy
12
13 was beyond the scope of our study but suggests a logical next step for further investigation.
14
15

16
17 Finally, the present study was also limited in focusing only on the strategic dimension of the
18
19 positioning process. We have not discussed the issues of communicating and implementing
20
21 positioning strategies, as these again lie beyond the scope of this paper. Investigation of this
22
23 issue is likely to contribute further to the SME literature, especially in the context of SME brand
24
25 building and existing research on this topic.
26
27

28
29 Despite these limitations, the new positioning typology provides both a conceptual contribution
30
31 for further research and a practical contribution for small business management. Overall, the
32
33 present findings thus contribute to a better understanding of SME entrepreneurs' positioning
34
35 strategies as important building blocks for market and brand success.
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

References

- Aaker, D.A. and Shansby, J.G. (1982), 'Positioning your product', *Business Horizons*, Vol. 25 No. 3, pp. 56-62.
- Aaker, D.A. (1996), *Building Strong Brands*, Free Press, New York, NY.
- Abimbola, T. (2001), 'Branding as a Competitive Strategy for Demand Management in SMEs', Vol. 3 No. 2, pp. 97-106.
- Armstrong, G., Kotler, P., Harker, M. and Brennan, R. (2009), *Marketing. An Introduction*, Pearson Financial Times/Prentice Hall, Harlow, England.
- Bocconcelli, R., Cioppi, M., Fortezza, F., Francioni, B., Pagano, A., Savelli, E. and Splendiani, S. (2018), 'SMEs and Marketing: A Systematic Literature Review', *International Journal of Management Reviews*, Vol. 20, pp. 227-254. <https://doi.org/10.1111/ijmr.12128>
- Chen, S. and Schiele, K. (2017), 'Positioning SMEs With a Lone Designer: A Qualitative Study of Small Design Firms', *Journal of Marketing Theory and Practice*, Vol. 25 No. 3, pp. 213-233. <https://doi.org/10.1080/10696679.2017.1311217>
- European Commission (2003), *Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises* (Text with EEA relevance) (notified under document number C(2003) 1422). *OJ L 124, 20.5.2003*, 36-41. <http://data.europa.eu/eli/reco/2003/361/oj>. (accessed: 09 September 2021)
- De Wit, B. and Meyer, R. (2004), *Strategy. Process, Content, Context. An international perspective*, Thomson, London.
- Dressler, M., Paunovic, I. (2021), 'A Typology of Winery SME Brand Strategies with Implications for Sustainability Communication and Co-Creation', *Sustainability*, 13, (2), 1-17
- Duncker, C., Röseler, U. and Fichtl, L. (2015), 'Marken-Positionierung: Auf der Suche nach verlässlichen Instrumenten', *Absatzwirtschaft*, Vol. 12, pp.76-79.
- Epple, S. and Späth, C. (2019), 'Markenpositionierung von Start-ups - von der Bestimmung zur Umsetzung' in Kochhan, C., Könecke, T. and Schunk, H. (Eds.) *Marken und Start-ups: Management und Kommunikation bei Unternehmensgründungen*, Springer Gabler, Wiesbaden, pp.85-97.
- Esch, F.R. (2019), 'Markenpositionierung als Grundlage der Markenführung' in Esch, F.R. (Ed.), *Handbuch Markenführung*, Springer Gabler, Wiesbaden, pp.201-234.
- Esch, F.R. (2010), *Strategie und Technik der Markenführung*, Vahlen, München.
- Gruber, M. (2004), 'Marketing in New Ventures: Theory and Empirical Evidence', *Schmalenbach Business Review*, 56(2), pp.164-199.
- Hooley, G., Nicoulaud, B., Rudd, J. M., Lee, N. (2020), *Marketing Strategy and Competitive Positioning*, Pearson Financial Times/Prentice Hall, Harlow, England.
- Hu, F. and Trivedi, R.H. (2020), 'Mapping hotel brand positioning and competitive landscapes by text-mining user-generated content', *International Journal of Hospitality Management*, Vol. 84, p.102317. <https://doi.org/10.1016/j.ijhm.2019.102317>
- Joensuu-Salo, S., Viljamaa, A. and Kangas, E. (2022), 'Marketing first? The role of marketing capability in SME growth', *Journal of Research in Marketing and Entrepreneurship*, Vol. ahead-of-print No. ahead-of-print.
- Kapferer, J.N. (2008), *The New Strategic Brand Management*, Kogan Page, London.
- Kelle, U. and Kluge, S. (2010), *Vom Einzelfall zum Typus. Fallvergleich und Fallkonstratierung in der qualitativen Sozialforschung*, VS Verlag, Wiesbaden.
- Keller, K. (2012), *Strategic Brand Management. Building, Measuring, and Managing Brand Equity*, Pearson, London.
- Kotler, P. and Keller, K. (2016), *Marketing management*, Pearson, Harlow.
- Kruse, J. (2015), *Qualitative Interviewforschung. Ein integrativer Ansatz*, Beltz, Weinheim.

- 1
2
3 Kuckartz, U. (2018), *Qualitative Inhaltsanalyse. Methoden, Praxis, Computerunterstützung*, Beltz, Weinheim.
- 4
5 Larsen, H.G. (2018), 'The 'mental topography' of the Shanghai city brand: A netnographic approach to
6 formulating city brand positioning strategies', *Journal of Destination Marketing & Management*, Vol. 8, pp.90-
7 101.
- 8
9 Lavie, D. and Fiegenbaum, A. (2003), 'The dominant strategic positioning of foreign MNCs: A typological
10 approach and the experience of Israeli industries', *Journal of Business Research*, Vol. 56, pp.805-814.
- 11
12 Lee, J.L., Kim, Y. and Won, J. (2018), 'Sports brand positioning: Positioning congruence and consumer
13 perceptions toward brands', *International Journal of Sports Marketing and Sponsorship*, Vol. 19 No. 4, pp.450-
14 471.
- 15
16 Lefebvre, L. and Lefebvre, E. (1993), 'Competitive Positioning and Innovative Efforts in SMEs', *Small Business
17 Economics*, Vol. 5 No. 4, pp.297-305.
- 18
19 María García-Pérez, A., Yanes-Estévez, V., Ramón Oreja-Rodríguez, J. and González-Dávila, E. (2014),
20 'Strategic positioning and strategic types of small firms', *Journal of Small Business and Enterprise
21 Development*, Vol. 21 No. 3, pp.431-449.
- 22
23 Morgan, D.L. and Hoffman, K. (2018), 'A System for Coding the Interaction in Focus Groups and Dyadic
24 Interviews', *The Qualitative Report*, Vol. 23 No. 3, pp.519-531.
- 25
26 Morgan, D. (1996), 'Focus Groups', *Annual Review of Sociology*, Vol. 22, pp.129-152.
- 27
28 Muhonen, T., Hirvonen, S. and Laukkanen, T. (2017), 'SME brand identity: its components, and performance
29 effects', *Journal of Product & Brand Management*, Vol. 26 No. 1, pp.52-67.
- 30
31 M'zungu, S., Merrilees, B. and Miller, D. (2019), 'Strategic and Operational Perspectives of SME Brand
32 Management: A Typology', *Journal of Small Business Management*, Vol. 57 No. 3, pp.943-965.
- 33
34 Odoom, R., Mensah, P. and Asamoah, G. (2017), 'Branding efforts and SME performance - an empirical
35 investigation of variations across firm sizes and business sectors', *Journal of Research in Marketing and
36 Entrepreneurship*, Vol. 19 No.1, pp.59-76.
- 37
38 Oly Ndubisi, N. and Iftikhar, K. (2012), 'Relationship between entrepreneurship, innovation and performance:
39 Comparing small and medium-size enterprises', *Journal of Research in Marketing and Entrepreneurship*, Vol.
40 14 No. 2, pp.214-236.
- 41
42 Panda, S., Paswan, A. and Mishra, S. (2018), 'Impact of positioning strategies on franchise fee structure',
43 *Industrial Marketing Management*, Vol. 81, pp.30-39. <https://doi.org/10.1016/j.indmarman.2018.10.001>
- 44
45 Porter, M.E. (1985), *Competitive Advantage: Creating and Sustaining Superior Performance*, The Free Press,
46 New York, NY.
- 47
48 Reijonen, H., Laukkanen, T., Komppula, R. and Tuominen, S. (2012), 'Are Growing SMEs More
49 Market-Oriented and Brand-Oriented?', *Journal of Small Business Management*, Vol. 50 No. 4, pp.699-716.
- 50
51 Renton, M., Daellenbach, U., Davenport, S. and Richard, J. (2015), 'Small but sophisticated: Entrepreneurial
52 marketing and SME approaches to brand management', *Journal of Research in Marketing and Entrepreneurship*,
53 Vol. 17 No. 2, pp.149-164.
- 54
55 Ries, A. and Trout, J. (2001), *Positioning: The Battle for Your Mind*, McGraw Hill Professional, New York, NY.
- 56
57 Riezebos, R. and van der Grinten, J. (2012), *Positioning the Brand: An Inside-out Approach to Strategic Brand
58 Positioning*, Routledge, Abingdon.
- 59
60 Roach, D., Ryman, J. and White, J. (2014), 'Culture, conduct and innovation: a deconstruction of market
orientation', *Journal of Research in Marketing and Entrepreneurship*, Vol. 16 No. 2, pp.128-145.
- Saqib, N. (2020), 'Positioning - a literature review', *PSU Research Review*, ahead-of-print. 10.1108/PRR-06-2019-0016.
- Sawtschenko, P. (2005), *Positionierung - das erfolgreichste Marketing auf unserem Planeten*. Gabal, Offenbach.
- Shafiee, M., Gheidi, S., Khorrami, M.S. and Asadollah, H. (2010), 'Proposing a new framework for personal
brand positioning', *European Research on Management and Business Economics*, Vol. 26 No. 1, pp.45-54.

1
2
3 Spence, M. and Hamzaoui-Essoussi, L. (2010), 'SME Brand Building and Management: An Exploratory Study',
4 *European Journal of Marketing*, Vol. 44, pp.1037-1054.

5
6 Tan Swee Lin, C. and Smyrnios, K.X. (2007), 'Customer-Value Based Marketing Activities in Fast-Growth
7 Firms', *Journal of Research in Marketing and Entrepreneurship*, Vol. 9 No. 1, pp.67-88.

8
9 Tausch, A. and Menold, N. (2015), 'Methodische Aspekte der Durchführung von Fokusgruppen in der
10 Gesundheitsforschung. Welche Anforderungen ergeben sich aufgrund der besonderen Zielgruppen und
11 Fragestellungen? ', *GESIS Papers*, Vol. 12. <https://doi.org/10.21241/ssoar.44016>

12
13 Urde, M. (1994), 'Brand Orientation - A Strategy for Survival', *Journal of Consumer Marketing*, Vol. 11 No. 3,
14 pp.18-32.

15
16 Urde, M., Baumgarth, C., Merrilees, B. (2013), 'Brand orientation and market orientation — From alternatives
17 to synergy', *Journal of Business Research*, Vol. 66 No 1, pp. 13-20.

18
19 Urde, M. and Koch, C. (2014), 'Market and brand-oriented schools of positioning', *Journal of Product & Brand
20 Management*, Vol. 23 No. 7, pp.478-490.

21
22 Van Scheers, L. (2011), 'SMEs' Marketing Skills Challenges in South Africa', *African Journal of Business
23 Management*, 5, pp. 5048-5056.

24
25 Wang, H.-J. (2017), 'A brand-based perspective on differentiation of green brand positioning: A network
26 analysis approach', *Management Decision*, Vol. 55 No. 7, pp.1460-1475.

27
28 Zellweger T., Fueglistaller U., Fust A., Müller C. and Müller S. (2019), 'Unternehmerische Gelegenheiten' in
29 Fueglistaller, U., Fust, A., Müller, C., Müller, S. and Zellweger, T. (Eds.), *Entrepreneurship*, Springer Gabler,
30 Wiesbaden, pp. 39-63.

31
32 Zwick, M.M. and Schröter, R. (2012), 'Konzeption und Durchführung von Fokusgruppen am Beispiel des
33 BMBF-Projekts „Übergewicht und Adipositas bei Kindern, Jugendlichen und jungen Erwachsenen als
34 systemisches Risiko“ in Schulz, M., Mack, B. and Renn, O. (Eds.), *Fokusgruppen in der empirischen
35 Sozialwissenschaft*, VS Verlag für Sozialwissenschaften, Wiesbaden, pp. 24-48.
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

Tables

Table 1. Profiles of participating companies

Focus group	Founder/ CEO	Age	Business	Foundation or takeover	No. of employee	Turnover: €M/year
Micro Enterprise	E1	50	Co-working	2017	3	0.35
	E2	45	Coaching	2006	0	N/A
	E3	39	Industrial printing	2015	9	0.6
	E4	58	Household goods	2010	2	0.2
Small Enterprise	E5	52	Craft store	1998	30	6.5
	E6	36	Web agency	2008	22	1.5
	E7	47	Education (languages)	2003	28	1.1
	E8	54	Tax consulting	1998	20	1.2
	E9	54	Building materials (trade)	2000	14	2.3
Medium Enterprise	E10	48	IT security	1989	135	13
	E11	47	Construction	2002	70	15
	E12	45	Business consulting	1997	247	33
	E13	43	Software development	2009	70	12

Table 2. Interview guide for focus groups

Question number	Guiding questions	Relation to research questions
Q1	How did you position your company in the market? How do you differentiate your company from your competitors, and what makes your brand unique?	Primary: B Secondary: A
Q2	In your opinion, how important is the topic of "positioning" for early-stage entrepreneurs? The following are two possible statements describing your orientation: 1. "If you don't automatically win new customers, you have positioned your company poorly." 2. "Those who position themselves too narrowly limit their offering and their customer base unnecessarily."	Primary A Secondary: B
Q3	I will now present two possible positioning approaches: market-oriented (Pepsi) and brand-oriented (Volvo). Which approach is closer to your company's early-stage positioning process? Which approach would you recommend to SME founders?	Primary: A, B

Table 3. Definition of main categories

Main Category	Definition
Perceived Relevance of Positioning	Code assigned when the relevance of positioning is implicitly described or explicitly evaluated and reflected.
Positioning Strategies	Code assigned when positioning strategies are described within the exemplary use case.
Positioning Paradigms	Code assigned when reference is made to the two positioning paradigms (brand orientation and market orientation).
Focus Group Discussion	Code assigned when statements can be mapped to Morgan and Hoffmann's coding system.

Table 4. Typology of SME positioning strategies

		Market orientation	
		<i>Focus on customer</i>	<i>Focus on competition</i>
Brand orientation	<i>Focus on competence</i>	Specialization	Differentiation
	<i>Focus on core values</i>	Conviction	Opposition

Table 5. Positioning strategies: Individual case analyses

Group	Person	Types	Positioning strategies
Micro Enterprise	E1	Differentiation	Differentiation: primary target group and regional presence of co-working groups. Conviction: sustainability assigned special prominence.
		Conviction	
	E2	Conviction	Conviction: E2's personal story of a near-death experience, which is critical to her positioning as a personal coach.
	E3	Differentiation	Differentiation: anticipatory customer service. As a print service provider for industrial clients, E3 explicitly rejected specialization to offer a broad portfolio. Conviction: honesty in communication—for example, admitting mistakes.
Conviction			
Small Enterprise	E4	Differentiation	Differentiation: innovative start-up in the traditional household market.
		Opposition	Opposition: revolutionary product appeal and fashion-like design contrary to market trends.
Small Enterprise	E5	Specialization	Specialization: portfolio reduction (heating systems in existing buildings).
		Conviction	Conviction: social responsibility (e.g., donation to local music club).

	E6	Specialization Differentiation	Specialization: a particular web technology (Typo 3). Differentiation: leading expert in the field (lead developer of web technology in an international context).
	E7	Differentiation Opposition	Differentiation: team of motivated and permanently employed language trainers (unusual in the industry, according to E7). Opposition: own ideas about education as fun and joy.
	E8	Conviction	Conviction: tax consultant decided against any particular specialization on the basis that people and their ideas should be the focus. Consulting should serve this long term purpose rather than short-term processing of orders.
	E9	Specialization Differentiation Conviction Opposition	Specialization: niche product (used natural stones). Differentiation: unique location (also serves as a tourist attraction). Conviction: quality and trustworthiness in terms of commitments and processes. Opposition: fair trade (ecological materials, no child labor).
Medium Enterprise	E10	Specialization Differentiation	E10 noted that there was no active positioning; instead, the company arrived passively at its position by research-based specialization in certain areas and refusing certain customer orders. In dealing with tenders from large companies, often the only means of differentiation is to be cheaper than the competition (pricing).
	E11	Specialization Differentiation	Early niche specialization after identifying a gap in the market (turnkey construction in existing buildings). Subsequent differentiation: "craftsmanship as a service" and outstanding customer service (lowest complaint rate according to own statements).
	E12	Specialization	Niche specialization: IT/business consulting for a particular target group (business development banks). Subsequent niche specialization in the insurance sector.
	E13	Specialization	Niche specialization: software development (tools for wiki-based documentation). Positioning lost clarity over time due to business development (additional focus on consulting business).

Appendices

Appendix A – Main Categories with anchor examples

Main categories	Definition	Anchor examples
Perceived Relevance of Positioning	This code is assigned when the relevance of positioning is implicitly described or explicitly evaluated and reflected.	<p>Of course, we are also constantly asking ourselves why someone comes to us, why doesn't he go to one of the more than 90,000 other colleagues and law firms in the industry? What should be the difference, also now here in particular in the environment? Positioning has been for me since the beginning of my self-employment. [Small, Pos. 12]</p> <p>For me, the term positioning is not really the focus at all. Overall, we have looked at where we can help customers, where there is a match between what we can do, what we want and what the customer wants. In other words, we got into our position. [Medium, Pos 4]</p>
Positioning Strategies	This code is assigned when positioning is described within the exemplary use case.	<p>Firstly, we do premium coworking and thus differentiate ourselves from other providers by simply orienting the offering to a premium target group. Secondly, we have developed a principle. We call this “<i>the name of city</i> Co-Working Model.” [...] This means that we not only offer rooms, but we also offer opportunities to meet and we offer training at various levels. And yes, that clearly distinguishes us from the market. [Mikro, Pos 2]</p> <p>And... how we have now tried to position our company uniquely (laughs) for the last two to three years is, of course, that... there are no idea... 700 online agencies that use Typo 3 and also use it for end customers. And we want to advertise more and more that we're not just one of 700, but of course we're the one that knows the most about the system because we're also developing it ourselves and leading the development.... and then build unique products on top of that. [Small, Pos 2]</p>

<p>1 2 3 Positioning 4 Paradigms 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35</p>	<p>This code is assigned when reference is made to the two positioning paradigms: brand orientation and market orientation.</p>	<p>So for us, that was a... I think we were thinking both at the same time. I think at the very beginning, when you start up, you can't not think market-oriented. Otherwise I think you would be... otherwise it makes no sense to start up. So you start up because you have a certain solution for the market, and that's market-oriented to begin with. And conversely, for most founders, if they don't go in with a lot of money, it's usually not possible to position themselves in a brand-oriented way, because you're simply not equipped with the appropriate advertising budget to enforce the brand. [Mikro, Pos. 23]</p> <p>I think that, however, then, so to speak... after that, we definitely acted in a market-oriented way. Definitely. And have also penetrated that to the point of going there. But always with a cross-reference... always with a cross-reference to the brand. That's why, for me, I'm now coming back a little bit to the initial topic, if you have the individual competence, then maybe you build something similar to a brand out of it, if you didn't have it before. [Medium, Pos. 36]</p>
<p>36 Focus Group 37 Discussion 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60</p>	<p>This code is assigned when statements can be mapped to Morgan and Hoffmann's coding system.</p>	<p>I find very interesting what XY said... on the subject of vision... What kind of, let's say, values does my life stand on or do I want to build this company on? And the more vague I work there at the beginning, the, let's say, clearer it comes out that this is missing when it gets bigger. [Small, Pos. 22] -> Continuation of Topic (explicit)</p> <p>I'm taking the floor because I disagree with you, XY. You just said: you have to communicate on all channels. I think that overstrains founders... beyond measure. And so apart from that, it still overwhelms me today (laughs). And we just clearly decided against a few channels.... and I think... ok, that's where the word positioning comes up again. I think you can't get bogged down either. [Small, Pos. 42] -> Disagreement</p>

Appendix B – Subcodings to “Perceived Relevance”

Codesystem	Micro	Small	Medium
Perceived Relevance			
Time related			
Business strategy and growth	■	■	■
Agility at the beginning	■	■	■
Passive positioning	■		■
Market related			
Customer Orientation	■	■	■
Differentiation from the competition	■	■	■
Determination of Reason Why	■	■	
Precondition for customer acquisition on a large scale	·		
Enforcement in a full and international market	·		
Brand related			
Vision and Values	■	■	■
Personality of the founder	■	■	·
Competence (Strength)	·	·	■
Image and visibility	■		■
Industry/Business related	■	■	■

Marketing and Entrepreneurship

Appendix C – Subcodings to “Positioning strategies”

Codesystem	Micro	Small	Medium
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Positioning Tactics and Strategies <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Specialization <ul style="list-style-type: none"> <input checked="" type="checkbox"/> by finding a niche product or service <input checked="" type="checkbox"/> by research and expertise <input checked="" type="checkbox"/> by rejection of orders <input checked="" type="checkbox"/> by reducing product or service range <input checked="" type="checkbox"/> by a special customer request <input checked="" type="checkbox"/> Differentiation <ul style="list-style-type: none"> <input checked="" type="checkbox"/> as leading experts <input checked="" type="checkbox"/> with premium target group <input checked="" type="checkbox"/> with product innovation <input checked="" type="checkbox"/> with unique location <input checked="" type="checkbox"/> as an (authentic) team <input checked="" type="checkbox"/> with customer service <input checked="" type="checkbox"/> with lowest price <input checked="" type="checkbox"/> through regional size and presence <input checked="" type="checkbox"/> Conviction <ul style="list-style-type: none"> <input checked="" type="checkbox"/> by social responsibility <input checked="" type="checkbox"/> by trustworthiness and quality <input checked="" type="checkbox"/> by own personality (values) <input checked="" type="checkbox"/> by a personal story (Near-death-experience) <input checked="" type="checkbox"/> by sustainability <input checked="" type="checkbox"/> with people at the heart of everything <input checked="" type="checkbox"/> by honesty in communication <input checked="" type="checkbox"/> Opposition <ul style="list-style-type: none"> <input checked="" type="checkbox"/> by fair trade <input checked="" type="checkbox"/> by implementation own idea of education (fun with learning) <input checked="" type="checkbox"/> by a revolutionary appeal and fashionlike packaging 			

Appendix D – Analysis of SMEs positioning strategies

Lemonaid (lemon-aid.de/en)	Spikeball (spikeball.com)
Specialization: Claim your sweet spot <i>How do we focus our offering with regard to our target groups?</i> <i>Is there potential for specialization on the market?</i>	
Less specialization within a large existing soda market → focus on four flavors (lime, passion fruit, blood orange, ginger).	Strong specialization with new category in the sports market (brand name = name of the sport)
Differentiation: Claim your advantage <i>How do we differentiate our offering from the competition?</i> <i>Is there potential for a competitive advantage that is persistent and not so easy to imitate?</i>	
In order to differentiate, Lemonaid claims that its sodas are made with organic ingredients from Latin America and no additives or artificial flavors; however, plenty of organic lemonades on the market make this claim.	Spikeball faced increasing competition in recent years; additional experiences and benefits with "SpikeSchool" and "Spikeball Tour Series" (tournaments), instead of specific competitive advantage over other roundnet sets

<p>Opposition: Claim your unique DNA</p> <p><i>How do our values contrast with the competition?</i></p> <p><i>Is there potential to show unique character attributes that stands out from competitors?</i></p>	
<p>Lemonaid not only claim to be organic and fair, but also prove these qualities through their close contact with farmers, telling their stories and supporting local social projects.</p>	<p>Spikeball claims they are “building the next great global sport.” This ambition is unique and credible due to their story. The success of Spikeball was only possible because the company managed to get people excited about a new sport and to build a community.</p>
<p>Conviction: Claim your emotional benefit</p> <p><i>How do we make our values experienced by our target groups?</i></p> <p><i>Is there potential to adress an emotional benefit that is particularly important for our customers?</i></p>	
<p>Lemonaid delivers emotional benefits that makes people feel social and sustainable. They claim "changing the world drop by drop" by supporting a social project with every bottle.</p>	<p>Spikeball’s emotional benefit is bringing people together through competition and fun. On their website they put the value of "having fun" first. This is what people are meant to experience with Spikeball.</p>

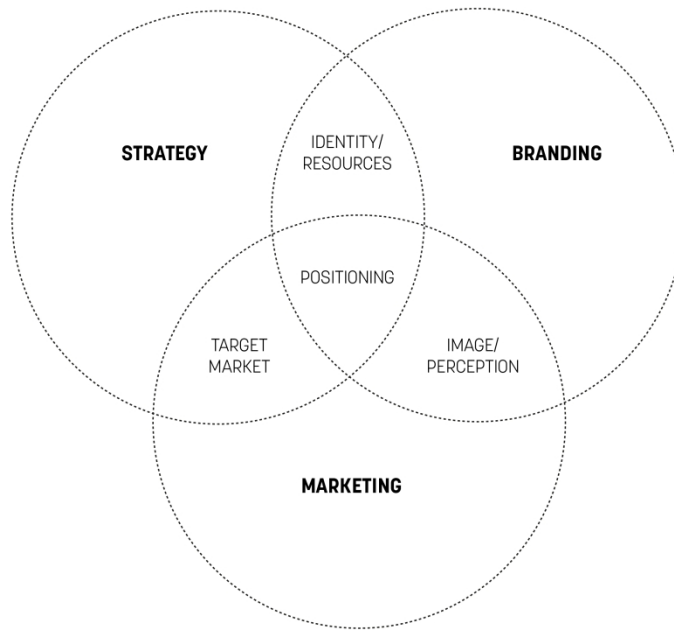


Figure 1_The concept of positioning

297x210mm (300 x 300 DPI)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

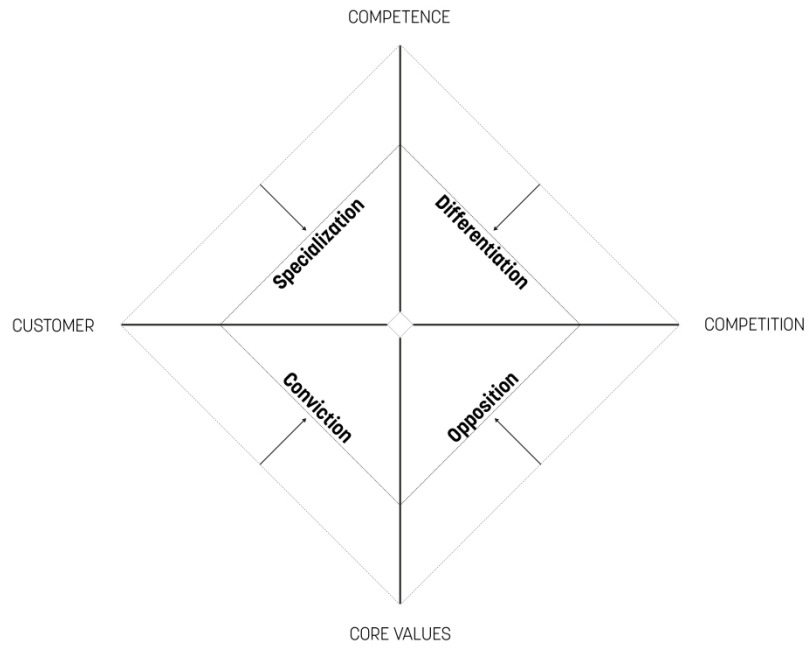


Figure 2_positioning dimensions and strategies

297x210mm (300 x 300 DPI)