

An Empirical Investigation of Factors Influencing the Development of Positioning Strategy in a B2B Context

Irfan Butt ^{a,*}, Anthony Francescucci ^a, Uma Kumar ^b, Vinod Kumar ^c, Monalisa Salam ^d, Aliya Bushra ^d

^a Associate Professor, Marketing, Ted Rogers School of Management, Toronto Metropolitan University, Toronto, Canada

^b Chancellor's Professor, Technology and Operations Management, Sprott School of Business, Carleton University, Ottawa, Canada

^c Professor, Supply Chain Management, Sprott School of Business, Carleton University, Ottawa, Canada

^d Research Associate, Ted Rogers School of Management, Toronto Metropolitan University, Toronto, Canada

^a Irfan.butt@torontomu.ca

^a a.frances@torontomu.ca

^b UmaKumar@cunet.carleton.ca

^c VinodKumar@cunet.carleton.ca

^d monalisa.salam@torontomu.ca

^d a_aylz@hotmail.com

ABSTRACT

Purpose:

This study empirically examines the factors firms consider when developing positioning strategies and assesses the impact of positioning strategy dimensions on financial and non-financial performance. The study adopts a firm-side perspective within a business-to-business (B2B) manufacturing context, where empirical research on positioning strategy development remains limited.

Methodology:

Data were collected from a random sample of senior managers from 194 manufacturing firms operating in the Canadian technology sector. Principal Component Analysis was used for scale purification, followed by hierarchical regression analyses to test the proposed hypotheses.

Findings:

The results indicate that positioning strategy development is influenced by customer orientation, competitor orientation, innovation orientation, environmental dynamism, and marketing capabilities, although their effects vary across positioning dimensions. Marketing capabilities and innovation orientation exhibit particularly strong relationships with several positioning strategies. In terms of performance outcomes, brand-focused positioning shows the strongest association with both financial and non-financial performance, while price-based positioning does not exhibit a significant effect.

Originality:

This study contributes to the positioning literature by examining positioning strategy development and performance outcomes within a B2B manufacturing context. By integrating strategic orientations, organizational capabilities, and environmental conditions into a single empirical framework, the study offers a more comprehensive understanding of the firm-side positioning process.

Sustainability Considerations:

Sustainability was not examined in this study. However, two constructs central to the framework, innovation orientation and environmental dynamism, offer a natural avenue for extending it toward sustainability, since environmentally driven change and innovation-based differentiation are increasingly intertwined. This is framed here as a direction for future research rather than an empirical finding of the present study.

JEL Classification: M31, L21, L25

Keywords: Business administration, Marketing Capability, Innovation, Positioning Strategy, Customer Orientation, Competitor Orientation, Environmental Dynamism

I. INTRODUCTION

Positioning, considered one of the fundamental components of strategy and management, is a well-established concept in the marketing literature (Kotler, 1999; Hooley, Broderick, and Möller, 1998). Positioning is regarded as one of the most important elements of marketing strategy because it directly influences the tactical decisions undertaken by firms to serve customers and compete in the marketplace (Hooley et al., 2001). Positioning is commonly defined as the act of designing a company's offerings, products, and services so that they occupy a meaningful and distinct competitive position in the minds of target customers (Kotler, 1998). From a strategic perspective, positioning strategy reflects a firm's choice of target segments and the selection of differential advantages used to compete, such as innovation, quality, value, or service (Jobber, 1998). Prior studies consistently suggest that effective positioning and market-oriented strategies are associated with favorable performance outcomes. However, despite its acknowledged importance, positioning remains challenging to conceptualize and operationalize empirically, and is often discussed at a largely normative or conceptual level (Rokkan, 2023). As a result, while the importance of positioning is widely accepted, empirical evidence explaining how firms develop positioning strategies and how these strategies relate to organizational performance remains limited.

The majority of positioning research has examined the concept from the consumer's perspective, focusing on perceptual maps, brand associations, and customer responses. In contrast, relatively fewer studies investigate positioning from the firm's perspective, particularly with respect to the internal factors and strategic considerations that guide managerial decision-making. This firm-side perspective is especially consequential in B2B manufacturing, where positioning options are bounded by production capabilities, technological intensity, and long-cycle industrial buying processes, and where differentiation depends less on perceptual imagery than on demonstrable competitive attributes such as quality, innovation, and service. Although B2B positioning has attracted renewed attention recently, this work has concentrated on brand positioning, service settings, and emerging-market or sustainability contexts (Casidy and Lie, 2023; Mogaji et al., 2023), leaving the antecedents of positioning choice in technology-intensive manufacturing comparatively underexplored. Empirical evidence on how manufacturing firms actually develop positioning strategies under these constraints therefore remains scarce. Existing empirical studies that do examine positioning development tend to focus on specific contexts or a narrow set of influencing factors, resulting in a fragmented understanding of the broader positioning development process. From a resource-based view, the positioning alternatives available to firms are constrained by their resources and capabilities (Hooley et al., 1998). While some studies have examined the role of firm assets and capabilities in shaping competitive positions (e.g., Gurău, 2004; Hooley and Greenley, 2005), empirical research remains limited in scope and often excludes other relevant strategic orientations such as customer orientation, competitor orientation, innovation orientation, and environmental dynamism. Moreover, these factors are rarely examined jointly within a single empirical framework. Similarly, although several authors propose that clearly defined positioning strategies are positively associated with firm performance, systematic empirical evidence supporting this relationship remains relatively scarce, particularly in business-to-business (B2B) and manufacturing contexts (Brooksbank, 1994; Devlin, Ennew, and Mirza,

1995). Existing empirical studies linking positioning strategies to performance have often been limited to specific industries or professional service settings (e.g., McAlexander et al., 1993; Kale and Arditi, 2002), thereby restricting the generalizability of their findings. This study differs from prior positioning research in three respects. It adopts a firm-side rather than a customer-side perspective; it examines strategic orientations, marketing capabilities, and environmental dynamism jointly rather than in isolation; and it tests these relationships in a technology-intensive B2B manufacturing setting. Whereas recent B2B positioning studies have largely developed positioning typologies or examined positioning decision-making and signaling (Kalafatis et al., 2020), this study models the internal antecedents that drive positioning choice and links them to performance. Taken together, these gaps suggest the need for further empirical research examining positioning strategy from the firm's perspective, with particular attention to the factors that influence positioning development and the performance implications of different positioning strategies. Accordingly, the objectives of this research are twofold: (1) to examine the factors firms consider when developing positioning strategy dimensions, and (2) to assess the impact of positioning strategy dimensions on firms' financial and non-financial performance. To address these objectives, this study empirically examines an integrated framework incorporating strategic orientations (customer orientation, competitor orientation, innovation orientation), marketing capabilities, and environmental dynamism as antecedents of positioning strategy dimensions, and evaluates their subsequent impact on organizational performance. By focusing on B2B manufacturing firms, this study contributes to the positioning literature by providing empirical insight into the firm-side positioning development process and its performance implications in a context that has received comparatively limited empirical attention.

II. CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

The hypotheses below are developed at the level of individual positioning dimensions. Because each antecedent operates through a distinct mechanism- informational for the strategic orientations, resource-based for marketing capabilities, and contingency-based for environmental dynamism- each is expected to influence a specific subset of positioning dimensions rather than all eight dimensions uniformly. The hypotheses therefore predict associations with the particular dimensions that each mechanism most plausibly shapes, and specify the expected direction where theory supports a clear expectation. Consistent with this dimension-level logic, a hypothesis is regarded as supported when the focal factor is significantly associated with one or more of its theoretically implicated positioning dimensions in the regression analyses. Understanding customers is a fundamental prerequisite for the development of positioning strategy. Customer orientation is a defining premise of the marketing discipline (Levitt, 1960) and a core component of market orientation (Deshpandé and Farley, 1998). Prior research highlights that customer-oriented firms are better able to identify and satisfy customer needs, leading to improved performance outcomes (Danneels, 2003; Zhu and Nakata, 2007). Close interaction with customers facilitates a deeper understanding of needs, enables better tailoring of offerings, and strengthens long-term relationships (Danneels, 2003). More recent work distinguishes between responsive and proactive customer orientations, showing that both can support innovation and differentiation (Schulze et al., 2022), while customer experience itself may serve as a

basis for competitive positioning (Arkadan et al., 2024).

Positioning is inherently grounded in understanding and addressing customer needs (Pike and Ryan, 2004). Accordingly, customer orientation provides the market intelligence that informs managerial decisions regarding which positioning dimensions are most likely to resonate with target customers. Market orientation research further emphasizes organization-wide generation, dissemination, and responsiveness to market intelligence as a foundation for strategic decision-making (Kohli and Jaworski, 1990). Recent conceptual developments suggest that market orientation should be viewed as a set of distinct but related orientations rather than a single unified construct, with customer-centric orientations closely linked to firm performance (Rokkan, 2023). Empirical evidence also indicates that customer orientation strengthens satisfaction–behavioral intention relationships, reinforcing its relevance for effective positioning (Boakye et al., 2023). Thus, customer orientation is expected to influence the selection of positioning strategy dimensions.

H1a: Customer orientation is positively associated with customer-responsive positioning dimensions, specifically quality, service, and value positioning.

Positioning is inherently relative, as firms seek to differentiate themselves from competitors along meaningful dimensions in the minds of customers (Schouten and McAlexander, 1989; DiMingo, 1988). Competitor orientation, rooted in the market orientation framework (Narver and Slater, 1990), emphasizes understanding competitors' strengths, weaknesses, and strategic actions in order to inform a firm's own positioning decisions. Competitive analysis enables firms to define their competitive space and protect themselves from rival pressures (Porter, 1985). The nature and intensity of competition within a segment also shape positioning choices (Greenley, 1989). Empirical research suggests that differentiation strategies mediated by positioning can directly affect competitive advantage (Rua and Santos, 2022). Competitor orientation may thus encourage differentiation along salient competitive attributes such as innovation and quality; however, close monitoring of rivals can equally lead firms to converge toward competitors' positions, so its association with these dimensions is expected but directionally ambiguous.

H1b: Competitor orientation is associated with differentiation-related positioning dimensions, particularly innovation and quality positioning.

In addition to strategic orientations, firm capabilities play a critical role in shaping positioning strategies. Marketing capability has been identified as a key source of competitive advantage and an important antecedent of effective positioning (Hooley and Greenley, 2005; Morgan, Strong, and McGuinness, 2003). Marketing capability refers to the firm's integrative processes that apply knowledge, skills, and resources to meet market needs and respond to competitive challenges (Day, 1994; Ussahawanitchakit, 2007). Grounded in the resource-based and capability-based views of the firm (Grant, 1991; Teece et al., 1997), marketing capabilities enable firms to differentiate offerings, build customer relationships, and achieve superior positioning relative to competitors (Ngo and O'Cass, 2012). Empirical evidence in B2B contexts further supports the role of marketing capabilities in enhancing firm performance (Duah et al., 2024). Since

positioning is based on sustainable competitive advantages, marketing capability is expected to influence positioning strategy development. More specifically, individual marketing capabilities are expected to enable the positioning dimensions to which they most directly contribute: communication capability supports brand and service positioning; customer requirement capability supports customer-, product-, quality-, and value-based positioning; distribution capability supports product- and quality-based positioning; and planning capability supports innovation positioning.

H1c: Marketing capabilities are positively associated with positioning strategy dimensions, with each capability most strongly related to the positioning dimension it most directly enables.

Innovation is another critical factor shaping competitive positioning. Innovation involves the development and commercialization of new products, processes, and technologies that enable firms to respond to competitive pressures and dynamic markets (Dosi, 1988; Porter, 1990). Prior studies emphasize innovation as a key driver of productivity and organizational performance, particularly in competitive and technologically dynamic environments (Brown and Eisenhardt, 1995; Akman and Yilmaz, 2008). Innovation orientation reflects a firm's openness to new technologies, its proactive search for innovation opportunities, and its ability to deploy innovation strategically (Herrmann, Gassmann, and Eisert, 2007). As innovation increasingly underpins differentiation, firms with a strong innovation orientation are more likely to adopt innovation-based positioning strategies (Štrausa et al., 2023).

H1d: Innovation orientation is positively associated with innovation-based positioning and, relatedly, with product-focused positioning.

Positioning strategies are also shaped by external environmental conditions. Environmental dynamism refers to the rate and unpredictability of change in a firm's external environment, including technological developments, customer preferences, and competitive intensity (Dess and Beard, 1984; Duncan, 1972). Rapid environmental change may render existing positioning strategies obsolete while creating new opportunities for differentiation (Cravens, 1975). Prior research suggests that dynamic environments increase the relevance of strategic capabilities and positioning choices (Habibullah and Kamal, 2024). Accordingly, firms operating in highly dynamic environments are expected to adjust their positioning strategies in response to environmental conditions.

H1e: Environmental dynamism is positively associated with innovation-based positioning.

Organizational performance is commonly assessed using both financial and non-financial measures. While objective financial indicators capture tangible outcomes, subjective non-financial measures such as customer satisfaction and loyalty provide a broader assessment of organizational effectiveness (Allen et al., 2008). Prior research suggests that positioning strategies influence firm performance through differentiation and competitive advantage (Rua and Santos, 2022). Accordingly, positioning strategy

dimensions are expected to be positively associated with both financial and non-financial performance.

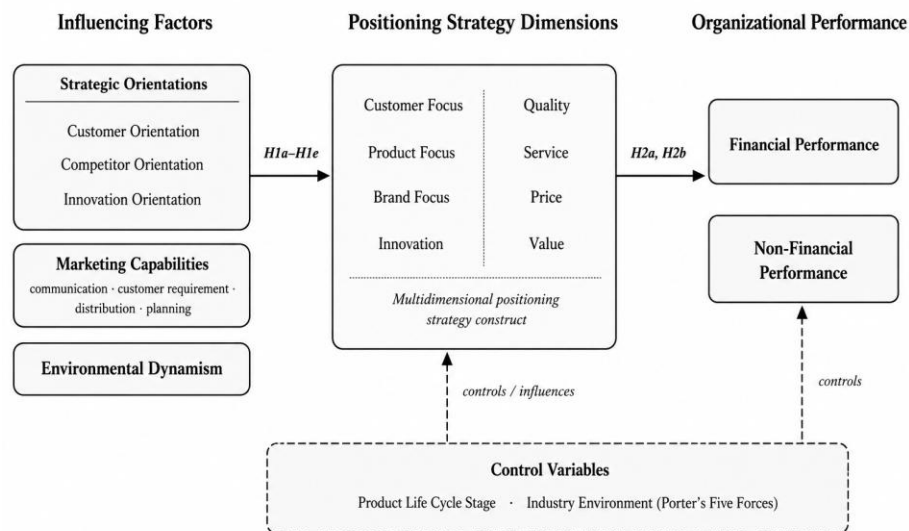
H2a: Differentiation-oriented positioning dimensions such as customer focus, brand focus, and value are positively associated with financial performance, whereas price-based positioning is not.

H2b: Differentiation-oriented positioning dimensions, particularly brand focus and quality, are positively associated with non-financial performance, whereas price-based positioning is not.

Finally, product life cycle stage and industry environment are included as control variables. Positioning strategies evolve as products move through introduction, growth, maturity, and decline stages (Ganesh and Oakenfull, 1999; Kahn et al., 1988). Similarly, competitive forces within the industry, as articulated by Porter's (1980) five forces framework, influence strategic choices and firm performance. Since both factors may affect positioning decisions, they are treated as controls in the present study.

The proposed conceptual framework summarizes the hypothesized relationships among influencing factors, positioning strategy dimensions, and organizational performance.

Figure 1
Conceptual Framework Depicting Factors Influencing the Firm's Development of Positioning Strategy



III. METHODOLOGY

The data were collected through a self-administered postal mail survey. This mode was selected after considering telephone and personal-interview alternatives; telephone surveys are poorly suited to long questionnaires (Stempel and Westley, 1981), and personal interviews were infeasible given the geographic dispersion of firms and the number of responses required (Dillman, Smyth, and Christian, 2014). Each questionnaire was mailed to a named senior executive, together with a cover letter and a prepaid return envelope. The sampling frame was obtained from the Scott's Info database, an annually updated and comprehensive directory of Canadian manufacturers that provides firms' postal addresses along with the names and designations of their key managers and executives. Firms were drawn from two technologically dynamic manufacturing sub-sectors—computer and electronic products (NAICS 334) and electrical equipment, appliances, and components (NAICS 335). From this frame, a random sample of 1,500 firms was selected using computer-generated random selection. These sub-sectors were selected because their products can be differentiated on the basis of attributes, features, and benefits, and because they contain a large number of competitors, conditions that drive firms to develop positioning strategies, and because they are characterized by frequent new-product introduction, rapid technological change, and an emphasis on promotion (Rajotte, 2007; U.S. Department of Labor, 2009). Questionnaires were addressed to senior executives (e.g., Chairman, CEO, President, or Marketing Director), who were best positioned to report on the firm's strategic orientation, capability deployment, and organizational performance. Questionnaires were mailed to 1,500 firms; 206 were returned, a response rate of approximately 14%, and after 12 incomplete responses were excluded, 194 usable responses remained.

The profile of the responding firms and their informants indicates a sample well suited to the study's objectives. The sample was dominated by small firms: of the 194 usable responses, 152 (78.4%) came from small firms with fewer than 100 employees, 33 (17.0%) from medium-sized firms (100–499 employees), and 9 (4.6%) from large firms (500 or more employees). Because small and medium-sized firms constitute the overwhelming majority of Canadian firms, this distribution closely mirrors the composition of the Canadian manufacturing population. Most firms were Canadian-owned (156, or 80.4%), with the remainder foreign-owned and predominantly US-based. The informants held senior strategic roles: 108 (55.7%) were CEOs, presidents, or chairmen, a further 27% were other senior executives such as vice-presidents, managing directors, general managers, or chief operating officers, and the remaining 17% were managers or other senior personnel, confirming that respondents were knowledgeable about their firms' strategic orientation, capability deployment, and performance. Consistent with the study's business-to-business focus, the large majority of firms (86%) sold their products to business customers. Taken together, because the achieved sample reflects the small-firm-dominated composition of the Canadian manufacturing population, and because early and late respondents did not differ significantly on the study variables, the 194 usable responses can be regarded as reasonably representative of the target population of Canadian technology-intensive manufacturing firms.

To assess potential non-response bias, the procedure suggested by Armstrong and Overton (1977) was employed by comparing early and late respondents. The sample was divided into two groups consisting of the first 50 and the last 50 responses received.

Independent-samples t-tests revealed no statistically significant differences across the study's independent variables at the 5% significance level, suggesting that non-response bias was unlikely to be a concern. Common method variance was assessed using Harman's (1967) one-factor test. All measurement items related to influencing factors, positioning strategy dimensions, and performance variables were entered into an exploratory factor analysis using principal component extraction with varimax rotation (Verhoef and Leeflang, 2009). The analysis did not yield a single dominant factor, and the variance explained by individual factors ranged from 1.24% to 21.61%. These results indicate that common method bias does not pose a significant threat to the validity of the findings.

All constructs were operationalized using multi-item scales drawn from previously validated measures in the marketing, strategy, and operations literatures. Scale development followed the paradigm of Churchill (1979), as refined by Gerbing and Anderson (1988): the domain of each construct was specified through an extensive literature review, and items were adapted from established scales and reworded to reflect the business-to-business manufacturing context of the study. Customer orientation was measured using items adapted from Theoharakis and Hooley (2008); competitor orientation from Paladino (2007); marketing capabilities from Vorhies and Morgan (2005) and Dutta et al. (1999); innovation orientation from Herrmann, Gassmann, and Eisert (2007); and environmental dynamism from Ward, McCreery, and Anand (2007). Positioning strategy dimensions were measured using items adapted primarily from Blankson and Kalafatis (2004), supplemented by items from Paladino (2007), Li et al. (2006), Theoharakis and Hooley (2008), and Krajewski and Ritzman (1996). Organizational performance was captured with both financial indicators, profitability, return on investment, sales growth, and market share (Neill and Rose, 2006; Paladino, 2007; Ward and Duray, 2000), and non-financial indicators of customer satisfaction and loyalty relative to competitors (Hooley and Greenley, 2005). The control variables were also drawn from established scales: industry environment was operationalized through Porter's five competitive forces (Paladino, 2007), and product life cycle stage following Wong and Ellis (2007).

All items were measured on five-point Likert-type scales. Positioning strategy dimensions were rated according to their extent of use (1 = least used, 5 = most used), while the remaining constructs used agreement-based anchors (1 = strongly disagree, 5 = strongly agree). Because all measures were adapted from prior validated studies, they carried established content validity; this was further supported by expert review of the questionnaire by two judges (one academic and one business executive) and pre-testing with five respondents, after which items deemed ambiguous were reworded or removed. The full set of measurement items, together with their source studies, is provided in Appendix A.

IV. ANALYSIS AND FINDINGS

A. Principal Component Analysis

Since most of the measures used in this study were previously validated in the literature, Principal Component Analysis (PCA) was employed to reduce the dimensionality of the

multi-item scales. PCA clusters items that share a common source of variance and is commonly used for data reduction purposes (Stevens, 1996). The primary objective of PCA is to simplify the data structure while retaining as much information as possible (van Zwol, 2006; Turias et al., 2005). The suitability of the data for factor analysis was assessed using Bartlett's test of sphericity and the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy. Bartlett's test was significant for all constructs, indicating sufficient correlations among variables, and all KMO values exceeded acceptable thresholds, confirming the appropriateness of PCA.

To enhance interpretability, an orthogonal (varimax) rotation was applied, as recommended by Stevens (1996) and Tabachnick and Fidell (1989). Factors with eigenvalues greater than one were retained in accordance with Kaiser's criterion. The PCA resulted in the removal of nine items with factor loadings below 0.50. The retained items exhibited factor loadings ranging from 0.53 to 0.92, which are comparable to those reported in prior empirical studies (Edison and Geissler, 2003; Völckner and Sattler, 2006). The proportion of variance explained by the retained factors ranged from 0.68 to 0.82, exceeding the recommended threshold of 0.50 (Fornell and Larcker, 1981).

B. Reliability and Validity of Measures

Reliability was assessed using Cronbach's alpha, which evaluates the internal consistency of multi-item scales (Nunnally, 1978). Cronbach's alpha values ranged from 0.63 to 0.92, exceeding the commonly accepted minimum threshold of 0.60 for exploratory research (Nunnally, 1967; Malhotra, 2004). Although values above 0.70 are generally preferred, lower thresholds are considered acceptable in studies examining complex organizational constructs (Swafford et al., 2006). Content validity was established through an extensive review of prior literature, expert review of the questionnaire by one academic and one business executive, and pre-testing with five respondents. Convergent and discriminant validity were assessed by examining inter-item and inter-construct correlations (House and Rizzo, 1972). Inter-item correlations within constructs were high, while correlations between distinct constructs were comparatively low, providing evidence of both convergent and discriminant validity.

C. Hierarchical Regression Analysis

Two sets of hierarchical regression analyses were conducted. In the first set, positioning strategy dimensions served as the dependent variables, while in the second set, organizational performance measures were the dependent variables. All regression models controlled for industry environment and product life cycle effects.

Three dimensions of Porter's industry competitiveness model—competitive rivalry, threat of substitutes, and supplier power—were included as control variables. Buyer power and barriers to entry were excluded, as their measurement items did not load adequately in the PCA. Product life cycle was operationalized using dummy variables, coded as 0 for introduction, 1 for growth, 2 for maturity, and 3 for decline.

D. Positioning Strategy and Influencing Factors

Table 1 presents the results of 16 multiple regression models, with two models estimated for each positioning strategy dimension: one including only control variables and one including both control and independent variables. Models 1, 13, and 15 include control variables only, while Models 2, 4, 6, 8, 10, 12, 14, and 16 include both control and independent variables. As indicated by the F-statistics, all models including independent variables were statistically significant predictors of positioning strategy dimensions. The explained variance (R^2) ranged from 0.131 (service) and 0.189 (price) to 0.529 (innovation) and 0.435 (brand focus). Customer orientation and competitor orientation exhibited varying effects across positioning strategy dimensions. Customer orientation had a positive and significant effect on one positioning dimension, quality ($\beta = 0.176$). Competitor orientation significantly influenced innovation ($\beta = -0.220$) and quality ($\beta = -0.210$), with negative coefficients for both. Accordingly, Hypotheses H1a and H1b are partially supported.

Marketing capability emerged as a significant predictor of positioning strategy dimensions, though its effects varied by capability type. Distribution capability predicted product focus and quality, planning capability predicted innovation, communication capability predicted brand focus and service, and customer requirement capability predicted customer focus, product focus, quality, and value. Thus, Hypothesis H1c is partially supported. Innovation orientation had a positive and significant effect on product focus and innovation positioning, while environmental dynamism significantly influenced innovation positioning. Consequently, Hypotheses H1d and H1e are also partially supported. Among the control variables, product life cycle significantly affected customer focus and service positioning in the growth and maturity stages, with greater emphasis placed on these dimensions as products mature. Industry environment influenced brand focus, quality, and price positioning. Competitive rivalry positively affected price positioning, while supplier power influenced brand focus and quality positioning.

Table 1
Regression Results - Positioning Strategy and Influencing Factors

Variables	Customer Focus		Product Focus		Brand Focus		Innovation		Quality		Service		Price		Value	
	Model 1	Model 2	Mode 13	Mode 14	Mode 15	Mode 16	Mode 17	Mode 18	Mode 19	Mode 110	Mode 111	Mode 112	Mode 113	Mode 114	Mode 115	Mode 116
Control																
PLC-Growth	0.319**	0.298**									0.250*	0.247*				
PLC-Maturity	0.333**	0.424***									0.309**	0.339**				
PLC-Decline															-0.180**	
IND-Rivalry					0.180**								0.370***	0.322***		
IND-Substitutes																
IND-Supplier power						0.163**				0.147*						
Independent																
Customer Orientation										.176*						
Competitors Orientation								-0.220**		-0.210**						
MKC-Communication						0.512***						0.206**				

Variables	Customer Focus		Product Focus		Brand Focus		Innovation		Quality		Service		Price		Value	
	Model 1	Model 2	Mode 13	Mode 14	Mode 15	Mode 16	Mode 17	Mode 18	Mode 19	Mode 110	Mode 111	Mode 112	Mode 113	Mode 114	Mode 115	Mode 116
MKC-Planning								0.236 ***								
MKC-Distribution				0.189 **						0.138 *						
MKC-Customer Req		0.174*		0.240 ***						0.277 ***						0.370 ***
Innovation Orientation				0.332 ***				0.560 ***								
Environmental Dynamism								0.141 **								
R Square	0.133	0.245	0.074	0.341	0.045	0.435	0.139	0.529	0.036	0.281	0.061	0.131	0.148	0.189	0.055	0.245
Change in R-Square		0.112		0.267		0.389		0.390		0.246		0.070		0.041		0.190
F Statistics	3.918***	3.364***	2.046 *	5.360 *	1.209	7.966 ***	4.118 *	11.64 5***	0.939	4.049 ***	1.656	1.559 *	4.427 ***	2.421 ***	1.478	3.357 ***

Note: This table shows only the significant beta coefficients
Standardized regression coefficients are shown : * p < .10; ** p < .05; *** p < .01

E. Positioning Strategy and Organizational Performance

The second set of hierarchical regressions examined the relationship between positioning strategy dimensions and organizational performance. In the first stage, control variables were entered, followed by positioning strategy dimensions in the second stage. Table 2 presents the results for four regression models, two for financial performance and two for non-financial performance. Models 2 and 4, which include both control and independent variables, were statistically significant predictors of organizational performance. The explained variance (R^2) was 0.123 for financial performance and 0.236 for non-financial performance. Of the eight positioning strategy dimensions examined, customer focus, brand focus, and value were significant predictors of financial performance. Brand focus and quality significantly predicted non-financial performance. Brand focus was the only positioning strategy dimension that significantly influenced both financial and non-financial performance outcomes. Accordingly, Hypotheses H2a and H2b receive partial support. Among control variables, product life cycle in the decline stage was associated with a negative effect on non-financial performance.

Table 2
Regression Results - Positioning Strategy and Organizational Performance

Variables	Financial Performance		Non-Financial Performance	
	Model 1	Model 2	Model 3	Model 4
Control				
PLC-Growth				
PLC-Maturity				
PLC-Decline			-0.170*	-0.146*
IND-Rivalry				
IND-Substitutes				
IND-Supplier power				
Independent				
PS1 - customer focus		0.167*		
PS2 - product focus				
PS3 - brand focus		0.156*		0.253***
PS4 - innovation				
PS5 - quality				0.246***
PS6 - service				
PS7 - price				
PS8 - value		0.158*		
R Square	0.042	0.123	0.058	0.236
Change in R-Square		0.08		0.178
F Statistics	1.231	1.596*	1.735	3.535***

Note: This table shows only the significant Betas

Standardized regression coefficients are shown

* $p < .10$; ** $p < .05$; *** $p < .01$

V. DISCUSSION AND CONCLUSION

Research on positioning strategies has traditionally focused on consumer perceptions and market-level outcomes, with comparatively limited empirical attention to positioning from the firm's perspective, particularly in business-to-business (B2B) contexts. While

prior work has acknowledged the relevance of positioning in industrial markets (Kalafatis, Tsogas, and Blankson, 2000), few studies have empirically examined how firms develop positioning strategies and how these strategies relate to organizational performance. This study addresses this gap by examining positioning strategy development and performance implications in a B2B manufacturing context. Its central contribution is to reframe positioning in industrial markets as a capability-enabled organizational outcome rather than a market-facing communication choice: what firms *can* position on is governed less by their strategic intent than by the marketing capabilities they have built.

A. Positioning Strategies and Influencing Factors

The most consequential pattern in the results is the dominance of marketing capabilities over strategic orientations in explaining positioning choice. Whereas customer and competitor orientations exerted only selective effects, capabilities were the systematic drivers of positioning across dimensions. This distinction matters theoretically: market orientation theory assumes that generating and disseminating market intelligence is what shapes strategic positioning, yet the present findings indicate that intelligence alone is insufficient. Orientations appear to shape *intent*, while capabilities govern *feasibility*—firms may perceive a customer need or a competitive threat, but without the corresponding capability, that perception does not translate into a coherent position. The point is sharpened by customer requirement capability outperforming customer orientation itself, suggesting that the ability to operationalize customer knowledge matters more than the attitudinal orientation toward it.

The negative association between competitor orientation and both innovation and quality positioning is interpretively important rather than anomalous. It is consistent with the possibility that intensive competitor monitoring encourages imitation and convergence toward rivals' positions, drawing firms away from the distinctive, capability-intensive emphases that differentiation requires. Read this way, the result does not contradict market orientation theory so much as qualify it: in capability-constrained manufacturing settings, an outward focus on rivals can substitute for, rather than reinforce, distinctive positioning. Innovation orientation and environmental dynamism, by contrast, converged consistently on innovation-based positioning, indicating that innovation positioning in particular is jointly contingent on internal readiness and external volatility.

Control variables also yielded meaningful insights. Customer-focused and service-based positioning strategies were more prevalent during the growth and maturity stages of the product life cycle, while industry rivalry increased the emphasis on price positioning. Supplier power was associated with greater emphasis on brand and quality positioning, consistent with contingency-based arguments regarding strategy–environment fit.

B. Positioning Strategies and Organizational Performance

The performance findings point to a clear interpretive conclusion: differentiation pays, but not all differentiation pays the same way. Two distinct routes emerged: a relational-value route (customer focus and value) linked to financial performance, and a brand

quality route linked to non-financial performance, with brand focus the only dimension bridging both. That branding should be the strongest and most consistent performance lever in an industrial, manufacturing setting is the study's most counter-intuitive result, and it directly challenges the assumption that branding is primarily a consumer-market phenomenon. These findings are broadly consistent with prior research suggesting that differentiation-based positioning strategies outperform price-based strategies (Hooley, Lynch, and Jobber, 1992; Blankson et al., 2008). In contrast, price positioning did not significantly influence performance in this study, reinforcing evidence that price-based competition alone does not provide a sustainable competitive advantage in manufacturing industries. Product life cycle effects further indicate that non-financial performance declines during the decline stage, highlighting the challenges firms face in maintaining customer satisfaction and loyalty as products mature or become obsolete.

C. Summary of Key Insights

Overall, the findings suggest that positioning strategy development is shaped by a combination of strategic orientations, organizational capabilities, and environmental conditions. Marketing capabilities—particularly those related to understanding customer requirements and communicating brand value—play a pivotal role in enabling effective positioning strategies. Moreover, firms appear to achieve superior performance through two primary positioning routes: (1) customer- and value-oriented strategies that support financial performance, and (2) brand- and quality-oriented strategies that enhance both financial and non-financial outcomes. Consistent with prior research, price-based positioning was found to be largely ineffective as a standalone strategy, further reinforcing the importance of differentiation-driven positioning approaches in B2B manufacturing contexts. Taken together, these findings advance the positioning literature in a specific direction. Prior B2B positioning research has largely mapped the positions firms occupy or built typologies of them (Kalafatis, Tsogas, and Blankson, 2000; Blankson et al., 2008); the present study instead explains *why* particular positions are adopted, tracing them to the capability configurations that make them feasible and to the environmental conditions that make them worthwhile. In doing so, it moves industrial positioning from a descriptive classification toward an explained, firm-level strategic outcome, and it establishes brand-based positioning as a performance-relevant strategy in manufacturing markets, a context in which branding has typically been treated as secondary.

VI. THEORETICAL AND MANAGERIAL IMPLICATIONS

This study offers several theoretical and managerial implications for the marketing discipline. By adopting a firm-side perspective, it contributes to a clearer understanding of positioning strategy development and its performance implications. While positioning has been widely discussed conceptually, empirical evidence linking positioning strategy dimensions, influencing factors, and firm performance, particularly in business-to-business (B2B) contexts, remains limited. This study helps address this gap.

A. Theoretical Implications

From a theoretical perspective, the findings highlight the need for greater attention to positioning strategy as a multidimensional strategic construct with measurable performance consequences. Prior research has largely focused on positioning from the customer perspective or treated positioning implicitly within broader strategic frameworks. By explicitly examining positioning strategy dimensions and their antecedents, this study extends existing positioning and strategy literature.

First, this study empirically examines a set of strategic orientations and contextual factors that have been discussed separately in prior research but rarely examined jointly in positioning studies. In particular, innovation orientation and environmental dynamism, while well established in strategy and innovation research, have received limited empirical attention in the positioning literature. The results demonstrate their relevance for explaining innovation-based positioning strategies. Second, the study contributes to theory by examining the positioning development process through an integrated framework that links influencing factors, positioning strategy dimensions, and organizational performance. Rather than isolating individual relationships, the study provides empirical evidence on how internal orientations, organizational capabilities, and environmental conditions jointly shape positioning strategies and their outcomes. This integrated perspective offers a more nuanced understanding of positioning as a strategic process. Third, building on prior work that has highlighted the lack of empirically tested positioning typologies in business markets (Kalafatis, Tsogas, and Blankson, 2000), this study provides empirical support for a positioning strategy typology within a B2B manufacturing context. While not intended as a definitive classification, the findings offer a structured basis for future research to refine, extend, and validate positioning typologies across industries and contexts. Overall, the study contributes to the theoretical foundations of positioning strategy by reinforcing its relevance as a firm-level strategic decision and by identifying key factors that influence both positioning choices and performance outcomes.

B. Managerial Implications

The findings also offer several practical implications for managers, particularly in manufacturing and B2B settings. First, the results indicate that not all positioning strategies contribute equally to firm performance. Positioning strategies emphasizing brand focus, customer focus, value, and quality are more strongly associated with financial and non-financial performance outcomes than price-based positioning. This suggests that managers should prioritize differentiation-oriented positioning strategies rather than relying on price competition alone. Second, the study highlights the importance of organizational capabilities in enabling effective positioning strategies. Specific marketing capabilities, such as understanding customer requirements, communication, planning, and distribution, support different positioning dimensions. Managers should therefore align capability development efforts with the positioning strategies they seek to pursue. Third, the findings emphasize the role of innovation orientation and environmental conditions in shaping positioning decisions. Firms operating in dynamic environments are more likely to benefit from innovation-based positioning strategies, underscoring the need for managers to continuously monitor

environmental changes and adapt their positioning accordingly. Finally, the positioning typology examined in this study provides managers with a practical framework for evaluating their current positioning strategies and identifying alternative strategic options. By considering the alignment between strategic orientations, organizational capabilities, and environmental conditions, managers can make more informed positioning decisions that enhance long-term performance.

VII. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

While this study provides insights into positioning strategy and its performance implications, several limitations should be acknowledged. First, the data were collected from only two industrial sub-sectors, which may limit the generalizability of the findings. Although the focus on technologically dynamic manufacturing industries is appropriate given the study's objectives, future research could extend the framework to additional industries to enhance external validity. Second, the use of self-reported survey data introduces the potential for response bias. Although steps were taken to assess common method variance, future studies could incorporate objective performance measures or multi-informant designs to strengthen robustness. Third, the survey was administered in English only, despite including respondents from the province of Quebec. While English-language surveys are common in executive research, this may have reduced participation among francophone respondents and slightly affected response rates.

The findings also highlight several opportunities for future research. Despite strong theoretical support for customer and competitor orientation as foundations of positioning strategy, these orientations were not positively significant across most positioning dimensions. This suggests a need for further investigation into how firms translate market intelligence into positioning decisions. Qualitative approaches, such as interviews or case studies, could complement quantitative findings by providing deeper insight into managerial decision-making processes. The sample was predominantly composed of small firms, representing approximately 80% of respondents. Replicating the study with a greater proportion of medium and large firms could reveal whether firm size moderates the relationships examined. Differences in resources, formalization, and strategic processes across firm sizes may lead to variation in positioning strategy development and performance outcomes. In addition, the majority of firms in the sample operated exclusively in business-to-business markets, making this effectively a B2B study. Future research could examine business-to-consumer contexts or directly compare B2B and B2C firms to assess the generalizability of the positioning strategy typology across market types.

The positioning strategy typology examined in this study would also benefit from further refinement and validation. Replication across industries, countries, and institutional contexts would strengthen its applicability and robustness. Finally, while product life cycle and industry environment were included as control variables, future research could examine their moderating roles more explicitly. Finally, although sustainability was outside the scope of the present model, the framework provides a foundation for incorporating it. Environmental dynamism already captures externally driven change to which sustainability pressures—regulatory, market, and reputational—increasingly contribute, and innovation orientation captures the internal readiness through which firms translate such pressures into differentiated, sustainability-oriented

positions. Future research could therefore introduce a sustainability-oriented positioning dimension and examine whether it is shaped by these same antecedents and whether it carries performance consequences comparable to the differentiation strategies identified here. Recent evidence that B2B firms are increasingly revisiting their positioning around sustainability (Casidy and Lie, 2023) suggests this is a timely extension.

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APPENDIX A. MEASUREMENT ITEMS AND SOURCES

All items were measured on five-point Likert-type scales. Positioning strategy items were rated by extent of use (1 = least used, 5 = most used); all other items used agreement anchors (1 = strongly disagree, 5 = strongly agree). Items were adapted from the source studies below and reworded to reflect the B2B manufacturing context.

Construct	Measurement Items	Source
Customer Orientation	– Commitment to serving customer needs is closely monitored – Objectives and strategies are driven by the creation of customer satisfaction – Competitive strategies are based on understanding customer needs – Salespeople regularly share information within our business concerning competitors' strategies	Theoharakis & Hooley (2008)
Competitor Orientation	– We respond rapidly to competitive actions that threaten us – Top management regularly discusses competitors' strengths and strategies – Developing strong relationships with distributors – Attracting and retaining the best distributors – Providing high levels of service support to distributors – Developing and executing advertising programs – Managing brand image and processes – Managing corporate image and reputation	Paladino (2007)
Marketing Capabilities	– Gathering information about customers and competitors – Using market research skills to develop effective marketing programs – Tracking customer wants and needs – Making full use of marketing research information – Marketing planning skills – Recognizing the requirements of customers – Understanding the factors influencing customers' choice	Vorhies & Morgan (2005); Dutta et al. (1999)
Innovation Orientation	– We use innovative technologies in new product development – Our products always reflect the state of the art in technology – We are proactive in the development and deployment of new technologies	Herrmann et al. (2007)

Environmental Dynamism	– We rank among the first to use a new technology for new product development – The rate at which products and services become outdated – The rate of innovation of new products or services – The rate of innovation of new operating processes – The tastes and preferences of customers in our industry – High quality – Impressive service; friendly	Ward, McCreery & Anand (2007)
Positioning Strategy ^a	– Value to customers; price relative to competitors; low price – Product features; product benefits; company image; brand image – Extra effort to meet customer's requirements; customizing product to meet customer's needs – Product uniqueness; new technology – Highly reliable; highly durable – Profit growth – Overall profitability	
Financial Performance	– Return on investment – Sales growth – Market share	Neill & Rose (2006); Paladino (2007); Ward & Duray (2000)
Non-Financial Performance	– Customer satisfaction compared to competitors – Customer loyalty compared to competitors – Competitive rivalry: competition in our industry is cut-throat; there are many "promotion wars" in our industry; price competition is a hallmark of our industry	
Industry Environment (control) ^b	– Threat of substitutes: competitors outside our industry offer viable substitutes for our products; the prices we can charge are constantly under pressure from substitute products – Supplier power: we have many suppliers to choose from for essential inputs; our major suppliers can bargain with us effectively; our major suppliers can dictate prices to us – Buyer power: our major customers are in a strong bargaining position; customers see little difference between our products and competitors'; we must largely comply with customers' demands – Entry barriers: it is easy for new players to enter our industry; potential	Paladino (2007)

	entrants can expect strong retaliation from existing players	
	– Primary demand for the product is beginning to grow	
	– Demand is growing rapidly	
Product Life Cycle (control)	– The products in the market are familiar to a majority of prospective customers	Wong & Ellis (2007)
	– Products are viewed as commodities by a vast majority of customers	

^aThe positioning-strategy item pool was subjected to principal component analysis, from which the eight positioning dimensions reported in the study (customer focus, product focus, brand focus, innovation, quality, service, price, and value) were derived.

^bBuyer power and entry barriers were retained at the survey stage but excluded from the analysis, as their items did not load adequately in the principal component analysis.