MKT6210.E1

Marketing Strategy Assignment

Repositioning Product Strategy

**Introduction**

A Marketing Strategy for any business is the most important part of the company’s goal of increasing sales and achieving a sustainable advantage which should be drawn from good market research and focus on what the public wants with the right product.  
 ChipotleMexican Grill is an example of how a company took off with a new idea with a unique style of serving their product. With their current status on the market and all of the troubles they have endured in the past several months, they now need to focus on Repositioning their Product Strategy so as to gain the public’s trust again.

Market strategies revolve around the marketing mix, also known as the “Four P’s” of product, price, place and promotion. Marketing strategies include: creating a product with a unique selling benefit, targeting a particular consumer demographic, setting prices based on profit and brand-management needs, selling in places and using channels that maximize profits without damaging the brand and using advertising, promotions, social media and public relations that support the company's brand message. (Ashe-Edmund) n.d.)

Positioning is a very important component of the marketing strategy. Positioning has an impact on the entire marketing mix and is crucial for differentiating a brand from competition and gaining competitive advantage. The evaluation of the consumer's perceptions about the positioning of the existing brands in a category is a must in order to design an effective brand positioning or repositioning strategy. (Andreea, 2014).

Product Repositioning Strategy is changing a brand’s status in comparison to that of competing brands. Repositioning is done to keep up with consumer wants and needs. Repositioning is effected usually through changing the marketing mix or a mistake has been made in the original positioning or failure to reach the marketing objectives.

**Three world examples of how this marketing strategy was used**

Rebranding a company's goals, message, and culture is hard -- many have tried and most fail. A successful campaign requires more than a revamped logo. It demands a vision that inspires customers, investors, and others to see the company in a new light.

Through savvy marketing and better quality control, some companies discovered new ways to revive their brands and in some cases, made them stronger than ever. (Aquino, 2011).

Here are a few examples of companies and how the repositioning strategy worked.

McDonald’s always viewed as an unhealthy restaurant with the “Super Size Me” food which was associated with McDonald’s food as the leading cause of obesity. McDonald’s listened to the consumer and has rebranded itself by offering other healthy meal options, by serving salads and other healthy menu items. Their new slogan “I’m lovin it,” depicts a new campaign of families and young couples enjoying a healthier meal at McDonald’s, plus the company is also offering a more expensive premium coffee like Starbucks. Their repositioningstrategy - pay attention to what the public says about you and respond with products and services that counteract those accusations (Aquino, 2011).

Apple, Inc.- Steve Jobs was one of the greatest innovators and visionaries of our times. When I think of good management strategy and leadership, the first name that comes to mind is Steve Jobs. The definition of leadership is a person who guides or directs a group within an organization, and has the ability to lead and take the company in the direction needed. Leadership is an important part of a manager’s strategy and is a major part in the management process to run a business effectively. Steve Jobs was a pioneer and had the vision to start a company that would take on a whole new culture. He was an innovator who had a dream to develop and take on new risks to introduce new products to the world like no other. When he introduced his new products, and came on that stage to speak, the public was excited in the anticipation of what new product he was introducing. Steve Jobs was a leader in modern times. “His personality was integral to his way of doing business. In spite of his tendency to be rough on people, he was surrounded by an intensely loyal cadre of colleagues who had been inspired by him for a long time. He was a perfectionist that never gave up and steadfastly pursed his dreams. Jobs made Apple a company through the implementation of his entrepreneurship, leadership, organization and innovation (Manager, 2013). Steve Jobs example illustrates how a transformational leader can be a key factor in successfully turning around a company(Manager, 2013).

A great quote from Steve Jobs is “Sometimes when you innovate, you make mistakes. It is best to admit them quickly, and get on with improving your other innovations”. In 1997, Apple was dangerously close to bankruptcy, but 15 years later his stock prices had gone from $6 to $350, what changed? He produced reliable and elegantly products such as the iMac, iPods, and iPads, Apple was the leader in technology. The lesson: build creative products that are well-made and enhanced by beautiful packaging. (Aquino, 2011)

Steve Jobs is an example as how by his leadership he was able to turn around and make Apple a successful company for years to come, even after his death.

Target as seen in the late 1990’s was just another low-brow discount retailer, not even in comparison to Wal-Mart or K-Mart. By offering pared down versions of designer apparel and merchandise with designers such as Isaac Mizrahi, Mossimo, Giannulli, Michal Graves, and Fiorucci, Target began to stand out from its competitors. Target is now the second largest discount retailer in the U.S after Wal-Mart. The Lesson: Set yourself apart from competitors with high-quality merchandise at lower prices. (Aquino, 2011)

**Repositioning Product Strategy**

**For Chipotle Mexican Grill**

Chipotle Mexican Grill was founded in 1993 by Steve Ells. He attended the Culinary Institute of America in Hyde Park, New York and after that he became a line cook for Jeremiah Tower at Stars in San Francisco. While working there he observed the popularity of taquerias or taco restaurants and stands and decided to take his knowledge and opened up the first Chipotle Mexican Grill in Denver, Colorado using a loan from his father. By 1995 the second store opened using the cash flow from the first store followed by the third store that he acquired with a Small Business Loan. He then created a Board of Directors and business plan where he was able to raise an additional 1.8 million for the company. Ells had big plans for the restaurant and wanted to use the funds from his first store to open a fine-dining restaurant, but realized the success of the company was based on the fast food Mexican Grill which would eventually include sixteen locations. By 2011, the company had successfully expanded with over 1200 locations around the world.

What set Chipotle Mexican Grill apart from the other fast food restaurants was its idea about fresh ingredients, which is stated: show that food served fast didn’t have to be a “fast-food” experience. By using high-quality raw ingredients, classic cooking techniques, and distinctive interior design, we brought features from the realm of fine dining to the world of quick-service restaurants. (Chipolte.com/company, n.d.) Their mission statement, “Food with Integrity” Food with Integrity is our commitment to finding the very best ingredients raised with respect for the animals, the environment and the farmers. (Lantigua, n.d.)

Chipotle Mexican Grill positioned themselves very well in the market place, they spent over 20 years growing a reputation as a sustainably sourced and healthy option for fast food.

Chipotle is in the middle of a major crisis now that may take a long time to overcome and possibly survive. With all of the recent outbreaks of food borne illnesses, critics and fans are questioning the quality and safety of their food products. With the repetitive failures, theirability to safely handle food again is causing serious concern. The company’s stock price has fallen and several restaurants remain closed as they try to recover from all of the outbreaks.

Chipotle’s brand emphasizes food that is fresh, healthy and sustainably sourced. They attract customers that are looking for food that they can feel good about. So the problem about food safety is what hurt the company. “In an interesting twist, it is Chipotle’s differentiating commitment to sourcing and carefully preparing the very best natural ingredients to offer Food with Integrity that may have led to the outbreak” he says. “Apparently, sourcing and preparing food using high-quality, raw ingredients without additives can be a risky proposition.”(How Chipotle Can Bounce Back from its Reputation Challenge, 2016).

When interviewed several times on different talk shows, Steve Ells did not offer any confidence that these issues wouldn’t come up again, he just stated that they were going to tighten controls on suppliers, increase testing procedures, and work with food safety consultants and also form operational practices when handling high risk ingredients (How Chipotle Can Bounce Back from its Reputation Challenge, 2016).

In order to gain the consumer’s trust again they must Reposition their Product Strategy in the industry. They need to be honest with their customer and make sure they draw that customer back in by making very drastic moves to bring them back.

“Impressive and drastic includes paying medical bills for customers who became ill, cleaning facilities and having health inspections on a regular basis and reporting on the results.” (How Chipotle Can Bounce Back from its Reputation Challenge, 2016)

Chipotle is committed to making major changes to its food preparation and testing. For example, Chipotle will be moving some food preparation and testing to a centralized kitchen. Tomatoes, cilantro and lettuce are among the ingredients be prepared in the centralized kitchen and shipped to restaurants in plastic bags. (Peterson, 2015)

A good marketing tactic for the company could be that they could offer an open house by by inviting the media and the public into their kitchens to experience how they are preparing their food, and offering a discounted price on their meal, plus including giveaways, etc. This would give the company all new publicity on the positive wave on how they are working to improve and bring back the company’s reputation and the consumer’s confidence of eating there again. Another marketing tool that Chipotle could host would be to offer a public event where they could invite a few people from the kitchen audience to come up and experience the way they cook and help them prepare their food, so that the customer can get the experience of the quality of good food that Chipotle has always strived to deliver. "Invite media and food bloggers into the kitchens," suggests Vollmer. "This will start a new wave of product reviews, which is exactly what the brand needs. It's a huge opportunity.” (How Chipotle Can Bounce Back from its Reputation Challenge, 2016)

Whatever they do, the most important thing is the need to communicate to the public that they are doing all they can to turn around their mistakes so they don’t lose what little support and customers they have left.

**Conclusion**

As stated above a company such as Chipotle would use the Repositioning Product Strategy to try to recover from its mistakes and get their product realigned and back to save their brand’s reputation by communicating and turning around their mistakes and taking all costs to gain back the consumers trust again.

**References**

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