

Finding and protecting a Positioning Strategy

A challenge that you continually face as a business executive is the persistent threat that other companies could copy what you are doing once you find a market position where you make superior profits.

A lot of information about a company's strategy and its financial performance, especially for public companies, is available to the world at large, making business strategy a little bit like a quiz competition where all the participants know the right answers.

Your competitors know the dimensions of value that you focus on, your customer satisfaction rates, the names of your employees, who your partners are and your prices, and with a little bit more research they may also get to know your costs so they could, therefore get to know your margins and measure the success of your whole strategy.

If you think about it, Pepsi knows Coca-Cola's strategy, in the same way as Coles knows Woolworth's strategy and just as any furniture vendor knows Ikea's strategy, yet they have all managed to find a position in their respective markets where they are profitable and difficult to challenge or imitate.

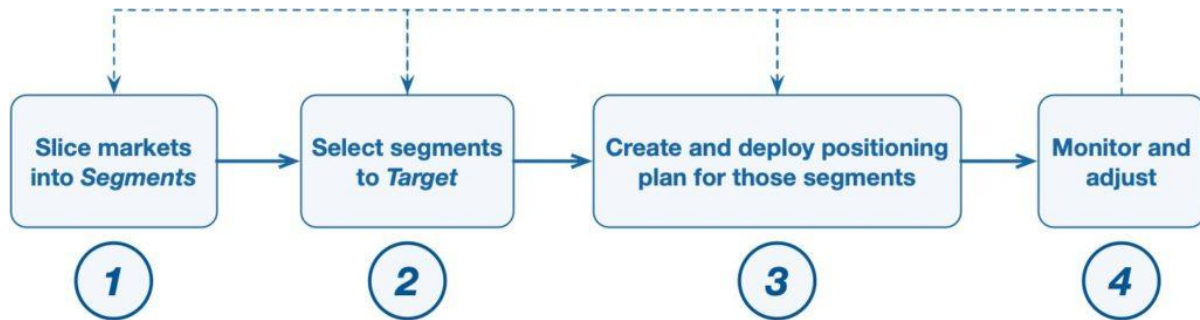
So, the challenge for you as a business owner/manager is in carving out a market position where you can make good margins and lift some competitive advantages that keep copycats at bay. Those advantages may be in the form of strong brands, robust distribution, exclusive access to key resources or channels, or just a very distinctive (e.g. proprietary) way to make and deliver your products and services.

Because commoditisation can happen to product features (e.g. computer memory and toothpaste whiteness), to the product itself (e.g. fast internet and generic drugs) or to how your products are made (e.g. computer assembling and manufacturing), their strategic positioning therefore must be an iterative process to continually monitor your business's performance and adjust its strategic direction accordingly.

In general, the process to find and defend a profitable market position can be described in four different steps:

1. **Market Segmentation:** Find effective ways to classify customers and slice the market into groups that share common characteristics that make them approachable through the same value networks.
2. **Choose Target Markets:** Based on your segmentation of the market and your value proposition research, select the segments that you are going to target within those markets.
3. **Craft your Market Positioning Strategy:** Make decisions about how you will position your products with the selected target consumers, which can be done through product features and benefits, pricing, sales, distribution and promotion efforts.
4. **Monitor and Adjust:** Once your strategy has been deployed, measure the traction you get with your target consumers and the performance of your marketing efforts, validating previous assumptions and adjusting your market positioning preferences accordingly as new information becomes available. Proper systematic feedback may call for adjustments or additions of product features, pricing models, distribution channels and/or promotion efforts.

The goal of this iterative process is to find a profitable position where your business is most difficult to be challenged by potential competitors and where your products and services are less likely to be commoditised.



Finding and protecting a market position is an iterative process that sits at the centre of any competitive strategy

A company doesn't need to destroy its competitors to win in a competed market. The beauty of strategy comes from its diversity, which is what allows multiple players to win at the same time within the same industry.

In essence, the idea with this iterative process is to *zig* when others *zag*. If competition for a particular segment is tough, you must move into a different market position or just target different customers.

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