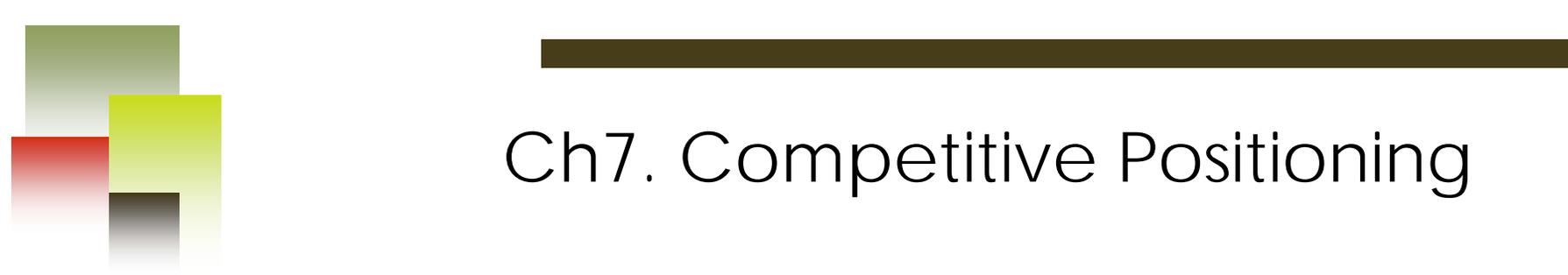


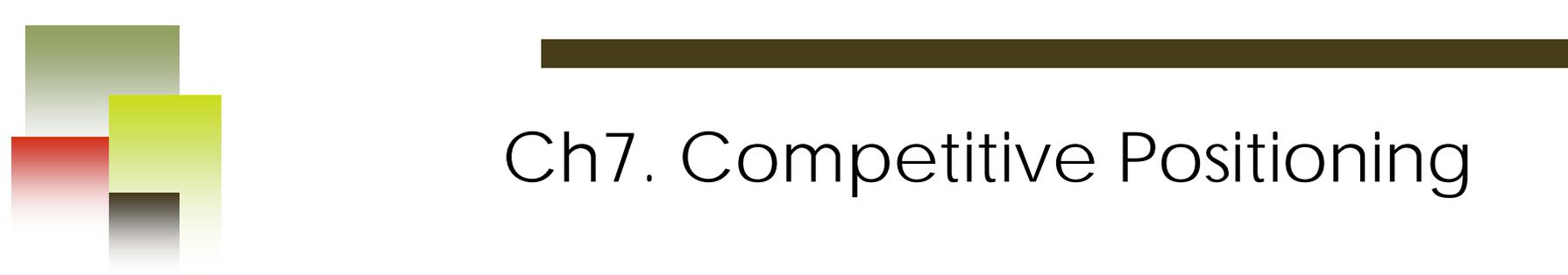
## Chapter 7

# Competitive Positioning



# Ch7. Competitive Positioning

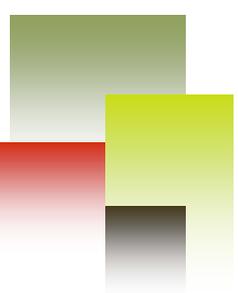
- Short Description
- Background
- Strategic Rationale & Implications
- Strengths & Advantages
- Weaknesses & Limitations
- Process for Applying Technique
- Summary
- FAROUT



# Ch7. Competitive Positioning

## Short Description

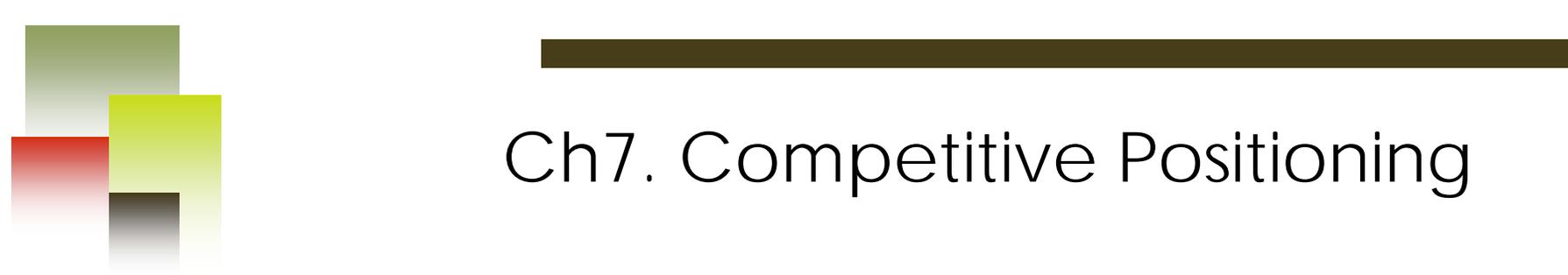
- Analyze a position relative to one's own in order to:
  - Preserve an advantage
  - Attempt an improvement
  - Withdraw from a market
- Looks at:
  - Market share, client perceptions, current marketing strategies, prices and costs, and competitors' positions.



# Ch7. Competitive Positioning

## Background

1950's-60's	<ul style="list-style-type: none"><li>• 'Corporate planning' approach by firms founded on steady expansion in a stable financial environment.</li><li>• Marketing tells about product benefits in comparison with competition.</li></ul>
Late 60's-70's	<ul style="list-style-type: none"><li>• Corporate planning shifts to strategic planning and management to as competition increases and market is more volatile.</li><li>• Marketing attempts to change perception of product in the mind of the customer by creating unique position.</li></ul>
1980's- now	<ul style="list-style-type: none"><li>• Competitive positioning continues to evolve to provides information with importance to the development of a strategic plan by giving a firm an overview of its industry and enabling it to appraise its own competitive position.</li></ul>



# Ch7. Competitive Positioning

## Strategic Rationale & Implications

- Analysis should reveal firms' position within an industry.
- Overview of industry as a whole.
- A variety of tools and models can assist, including:

Porter's Five Forces Industry Analysis

Nine Forces Industry Analysis

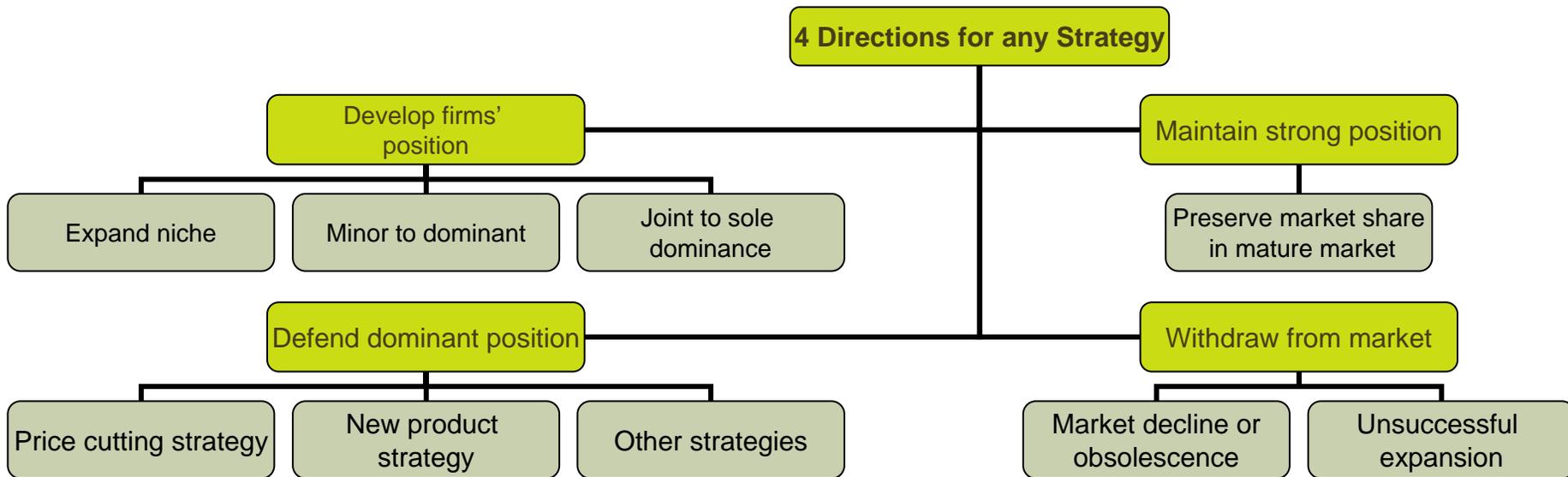
BCG Matrix

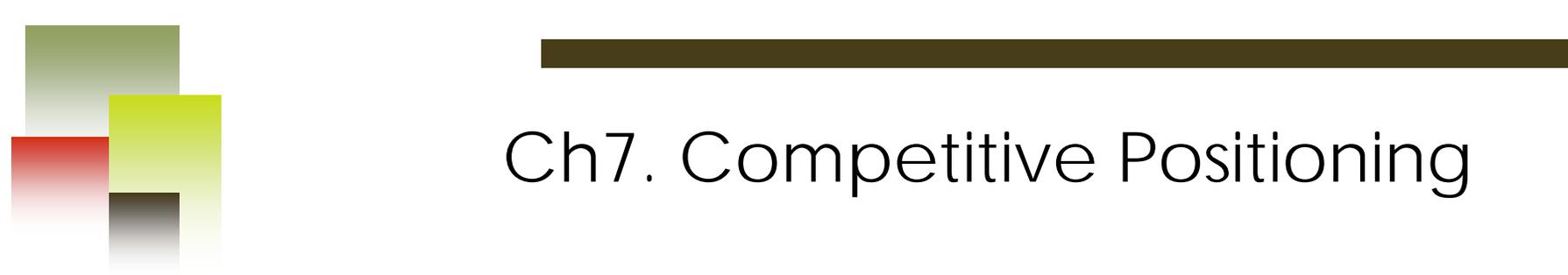
McKinsey Matrix

Perceptual Maps

# Ch7. Competitive Positioning

## • Strategic Rationale & Implications

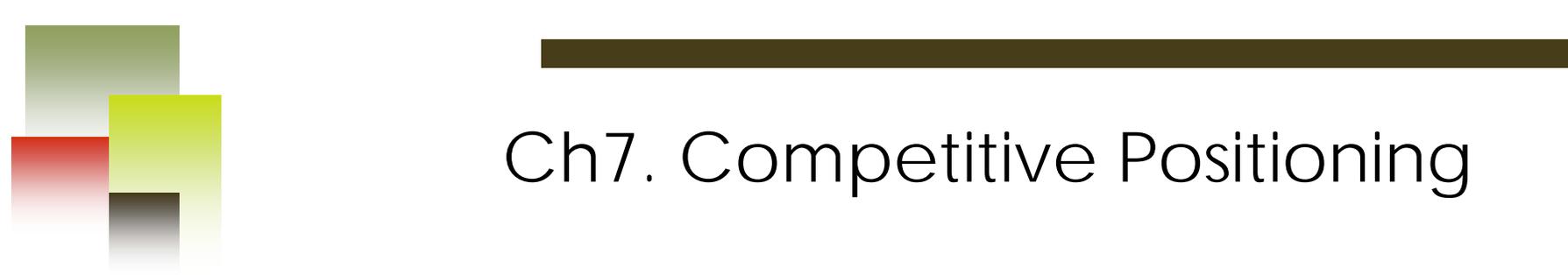




# Ch7. Competitive Positioning

## Strengths and Advantages

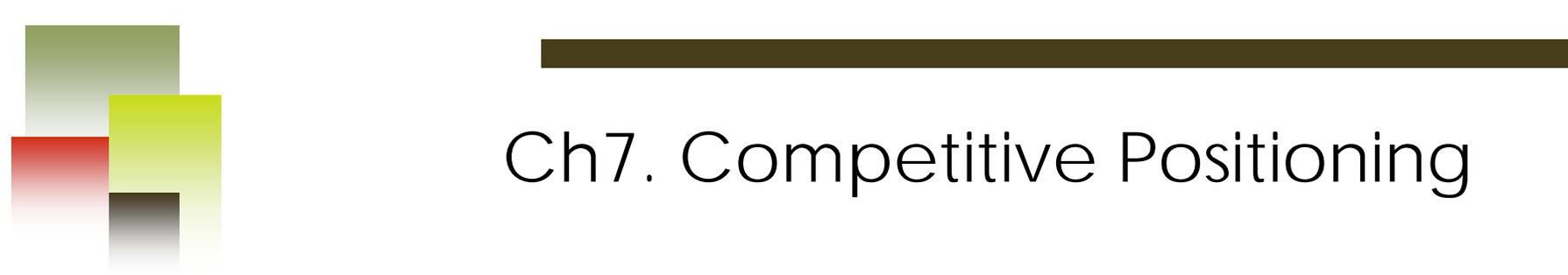
- Improves decision making
- Provides information for firms of all sizes, stages, and positions on:
  - Gaps in marketplace
  - Viability of products or markets
  - Competition in new markets
  - Attracting investment and creating alliances



# Ch7. Competitive Positioning

## Weaknesses and Limitations

- Care must be taken in defining industries and markets.
- Competitor information is not always available.
- Competitor and new product information is not always accurate.
- Results may be limited by internal biases.
- Third party analysts may be misled by incomplete information.

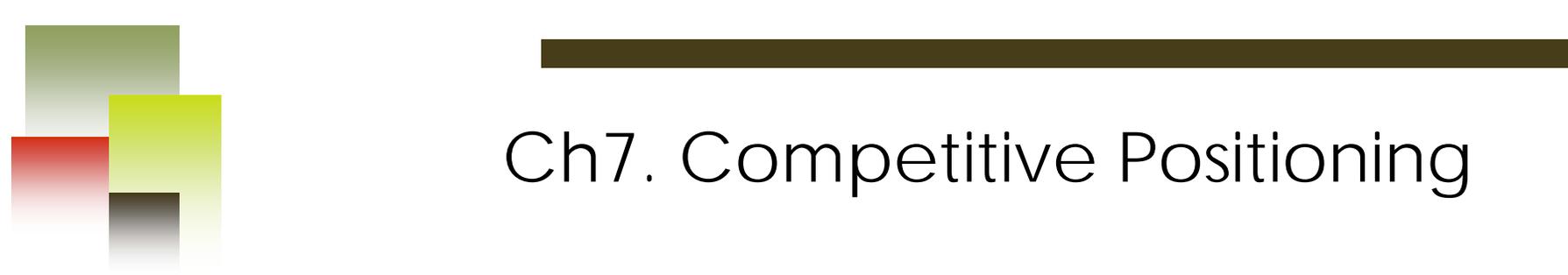


# Ch7. Competitive Positioning

## Process for Applying the Technique

Can be defined as a broad 3-step process:

1. Identify focus of your firm's current strategy and analysis parameters such as market or products to be assessed.
2. Conduct analysis with the following:
  - Market segmentation
  - Industry Analysis
  - Market Research
3. Derive insights from the above analysis and formulate positioning strategy for your firm.



# Ch7. Competitive Positioning

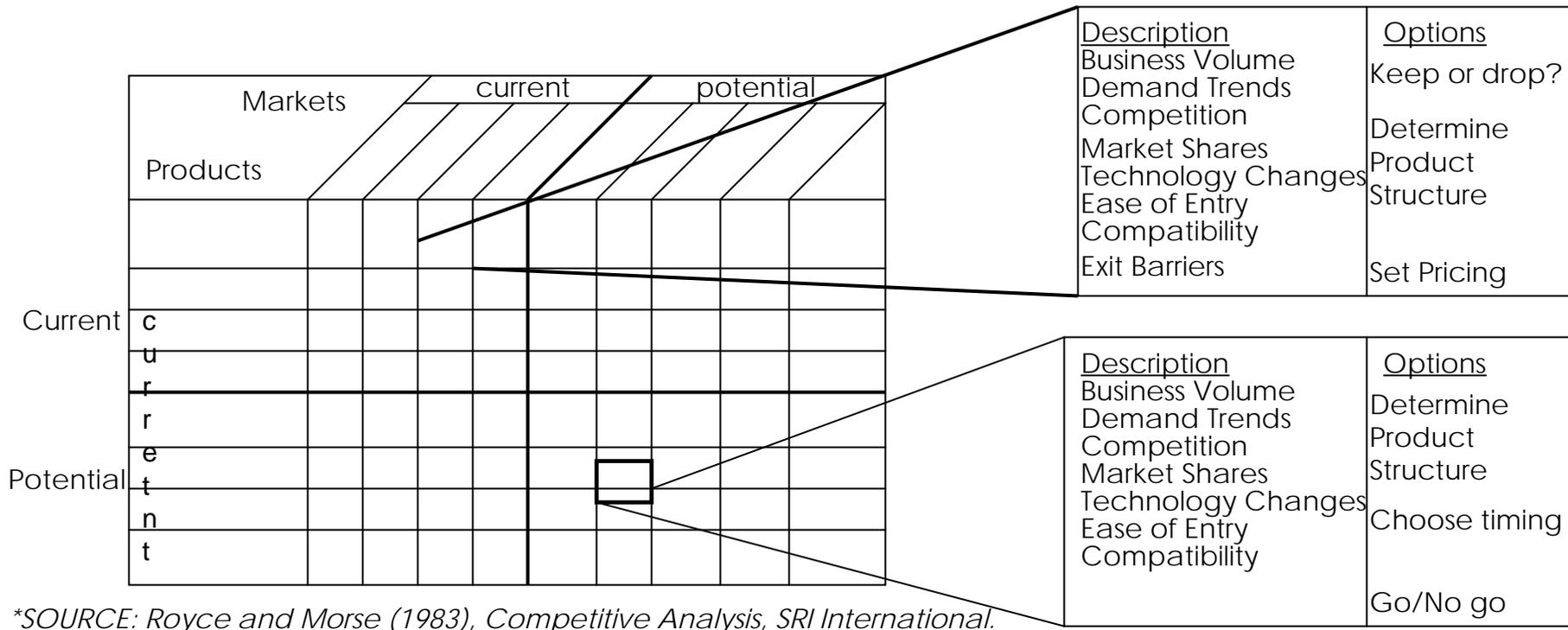
## Process for Applying the Technique

- Step 1: Assess current strategy and market, product, project, parameters.
  - What is the scope of this project?
  - What do you plan to do with this information?
  - Will research be done in house, or by a third party?

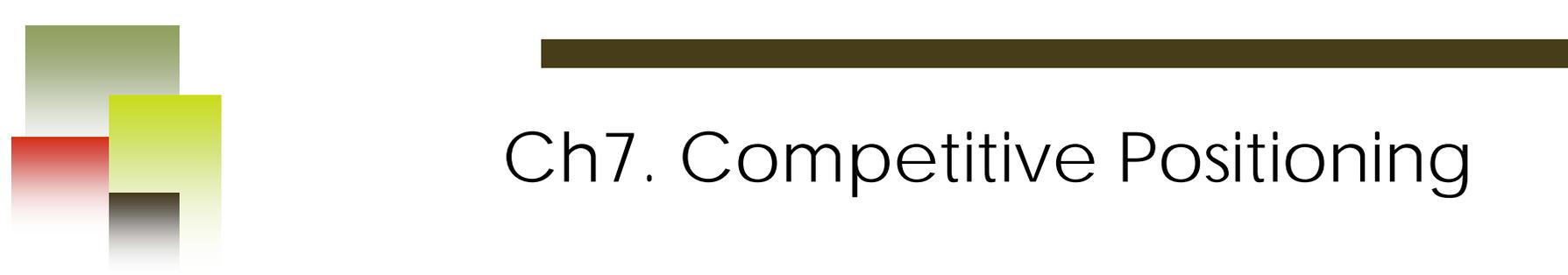
# Ch7. Competitive Positioning

## Process for Applying the Technique

- Product Market Matrix



\*SOURCE: Royce and Morse (1983), *Competitive Analysis*, SRI International.



# Ch7. Competitive Positioning

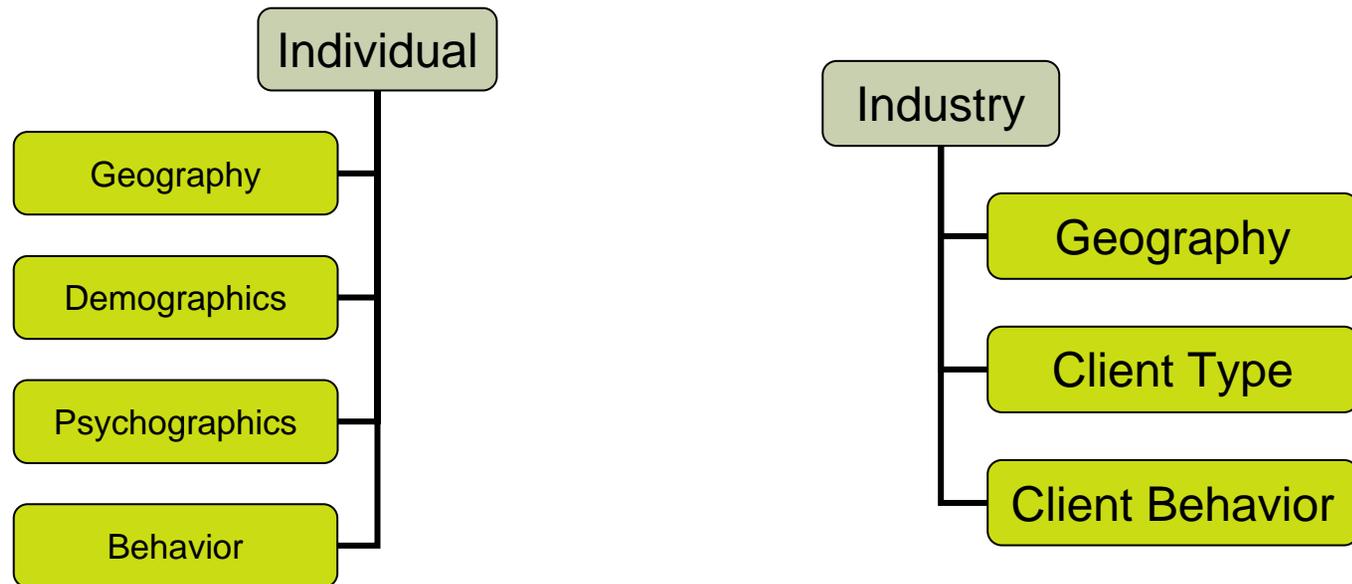
## Process for Applying the Technique

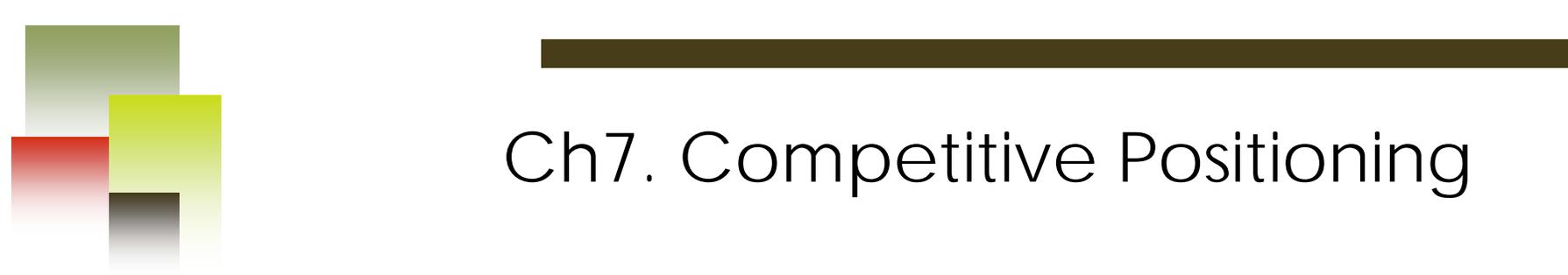
- Step 2: Conduct Analysis
  - **Market Segmentation:**
    - Identifiable and measurable
    - Accessible by communication/distribution channels
    - Have unique needs
    - Be stable over time
  - Segments may be made up of individual or industry consumers.

# Ch7. Competitive Positioning

## Process for Applying the Technique

- Step 2: Conduct Analysis: **Market Segmentation**





# Ch7. Competitive Positioning

## Process for Applying the Technique

- Step 2: Conduct Analysis: **Industry**
  - SWOT Analysis
  - Porter's Five Forces Model
  - Other tools
- Step 2: Conduct Analysis: **Market Research**
  - Preferably conducted by third party.
  - Use surveys, telemarketing, face-to-face interviews.



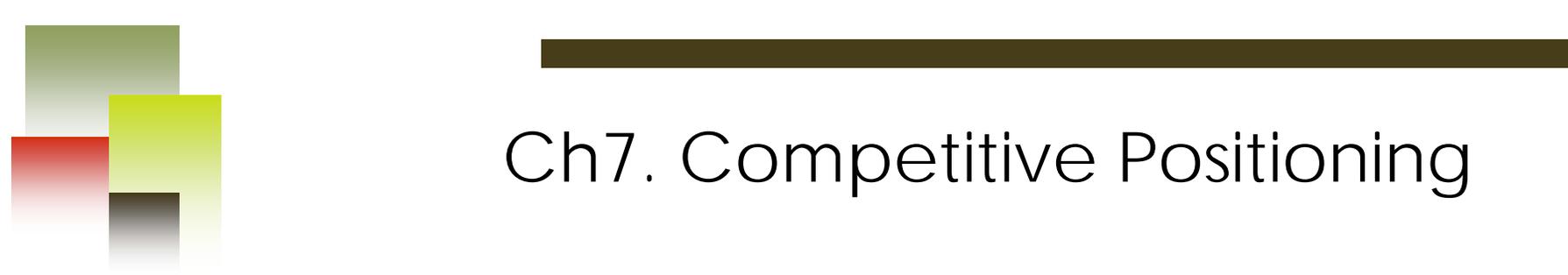


# Ch7. Competitive Positioning

- **Summary:**

Complete competitive positioning analysis will have:

- Outline of current and potential products/markets
  - Product/market matrix can be helpful.
- Identified competitive practices in the industry including
  - Costs, revenue and profits, opportunities, weaknesses to exploit and strengths to overcome or avoid.
- Factors contributing to client satisfaction with their current suppliers
  - Ability to understand value of purchases, availability & convenience of products, quality of service, loyalty, effort required to change suppliers.



# Ch7. Competitive Positioning

## Summary Continued:

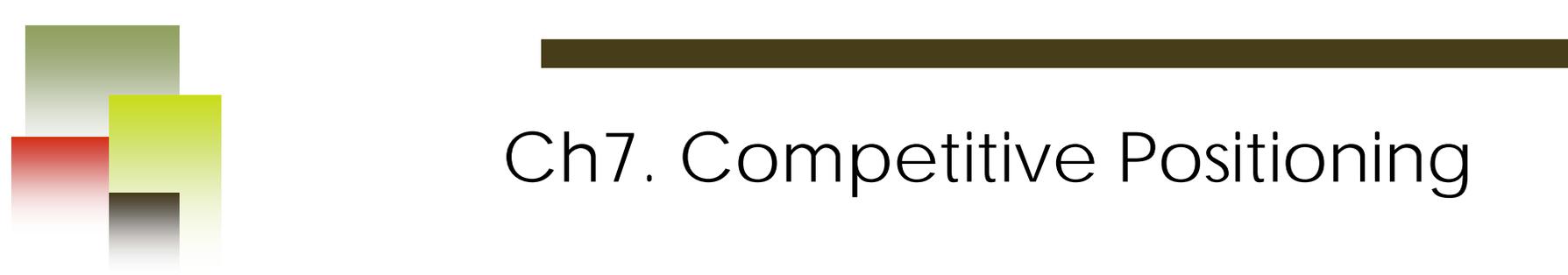
- Undertake an overall appraisal of the competitive environment to identify any strategies or tactics, which may improve your firm's competitive position and identified a set of strategies to take the firm where it wishes to go in an industry.
- Should have comprehensive view of the market.
- Any gaps or unmet needs should be apparent.



# Ch7. Competitive Positioning

- **FAROUT Summary**

	1	2	3	4	5
F					
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# Ch7. Competitive Positioning

## Related Tools and Techniques

- Industry Analysis
- SWOT Analysis
- Value Chain Analysis
- Competitor Analysis
- Financial Ratio and Statement Analysis
- Customer Segmentation Analysis
- BCG Growth/Share Portfolio Matrix
- GE Business Screen

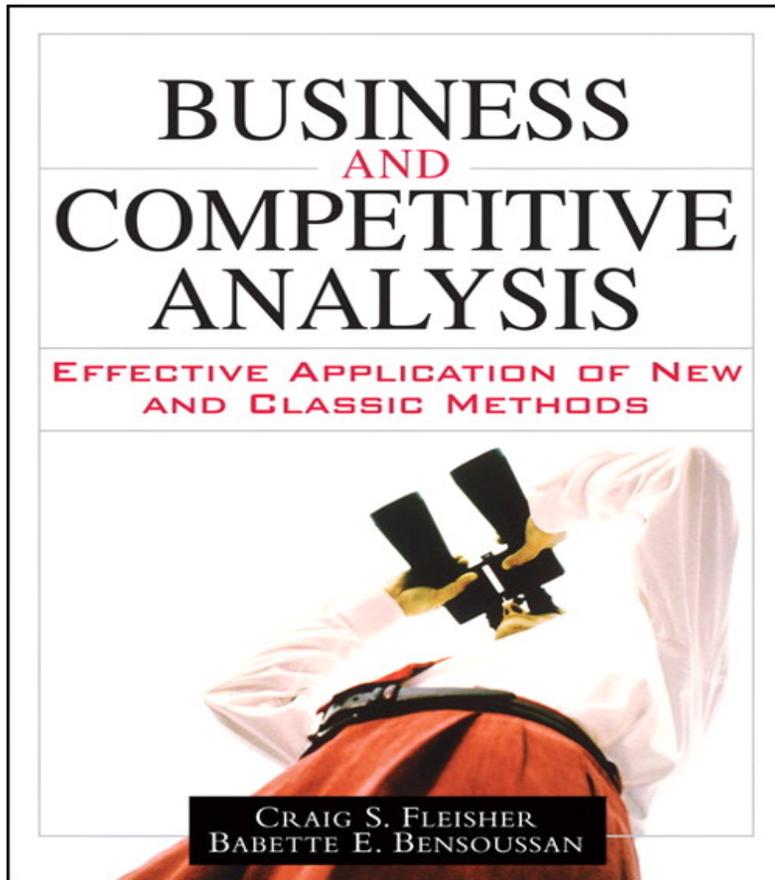


# Ch7. Competitive Positioning

## Related Tools and Techniques Cont'd

- Supply Chain Analysis
- Product Line Analysis
- Benchmarking

# Ch7. Competitive Positioning



For More About **Competitive Positioning** and 23 Other Useful Analysis Methods, see:  
Fleisher, Craig S. and Babette E. Bensoussan

*Business and Competitive Analysis: Effective Application of New and Classic Methods*

**FT** Press  
FINANCIAL TIMES

Upper Saddle River, NJ  
2007