Competitive Positioning

What sets your product, service and company apart from your competitors? What value do you provide and how is it different than the alternatives?

**Competitive positioning is about defining how you’ll “differentiate” your offering and create value for your market.** It’s about carving out a spot in the competitive landscape and focusing your company to deliver on that strategy. A good strategy includes:

- **Market profile:** size, competitors, stage of growth
- **Customer segments:** groups of prospects with similar wants & needs
- **Competitive analysis:** strengths, weaknesses, opportunities and threats in the landscape
- **Positioning strategy:** how you’ll position your offering to focus on opportunities in the market
- **Value proposition:** the type of value you’ll deliver to the market

When your market clearly sees how your offering is different than that of your competition, it’s easier to generate new prospects and guide them to buy. Without differentiation, it takes more time and money to show prospects why they should choose you; as a result, you often end up competing on price – a tough position to sustain over the long term.

**One of the key elements of your positioning strategy is your value proposition.** There are three essential types of value: operational excellence, product leadership and customer intimacy.
Here is a hypothetical example of each type of value.

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<th>OPERATIONAL EXCELLENCE</th>
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<th>CUSTOMER INTIMACY</th>
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<td>Carrot Technology’s customers don’t want bells and whistles, just a good product at the lowest possible price. Carrot focuses on operational excellence so they can continually offer the lowest price in the market. For example, they just patented a new machine that dramatically lowers their costs. They’re not trying to come up with new or better products; they just want to produce more volume at a lower cost. Carrot’s value proposition is operational excellence; they convey it in their messages and in everything they do.</td>
<td>Alpha Co.’s customers care most about quality – they want the best product. Alpha is completely dedicated to innovation and quality. They’re constantly working on product improvements and new ideas that they can bring to market. They know what their competitors are doing and are completely focused on staying one step ahead in order to capture a greater share of their market. Alpha’s culture is all about product leadership, and their prospects see it even before they become customers.</td>
<td>Starboard’s market is flooded with products at all ends of the price spectrum. Yet Starboard’s customers want more than a product off the shelf; they want customized solutions. So Starboard’s mission is to know as much as possible about their customers’ businesses so they can deliver the correct solutions over time. Starboard knows they can’t just say “We offer great service.” Starboard’s team knows they have to deliver on that value proposition in every interaction they have with prospects and customers.</td>
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These companies are totally focused on delivering their value propositions. They don’t just say it — they do it, and that makes it easier to win in their respective markets.

Rather than leaving your positioning and value proposition to chance, establish a strategy. Think impartially about the wants and needs of your customers and what your competition offers. You may find an unmet need in the market, or you may realize that you need to find a way to differentiate from your competitors.

As a result, you may decide to promote a different attribute of your product, or you may find entirely new opportunities to create new products and services. Either way, you’ll strengthen your business in both the short and long term.

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<th>NEUTRAL CASE</th>
<th>WORST CASE</th>
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<td>You provide a one-of-a-kind product/service that your market needs and wants. You have a strong value proposition that differentiates you from your competitors; you communicate it consistently in everything you do. Your prospects respond because you’re meeting their needs, and your company has found success in the market.</td>
<td>Your product is somewhat different and better than those of your competitors and you communicate that difference, though probably not as consistently as you should. Your prospects partially buy into the value you provide, but you don’t win all of the deals that you could.</td>
<td>Your prospects see little difference between you and your competitors, so you’re competing solely on price. You have to fight long and hard for every sale. It’s very difficult to meet your revenue and profit goals.</td>
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Key concepts & steps

Before you begin

Your competitive positioning strategy is the foundation of your entire business – it’s the first thing you should do if you’re launching a new company or product. It’s also important when you’re expanding or looking for a new edge.

Profile your market

- Document the size of your market, major competitors and how they’re positioned.
- Determine whether your market is in the introductory, growth, mature, or declining stage of its life. This “lifecycle stage” affects your entire marketing strategy.

Segment your market

- Understand the problems that your market faces. Talk with prospects and customers, or conduct research if you have the time, budget and opportunity. Uncover their true wants and needs – you’ll learn a great deal about what you can deliver to solve their problems and beat your competitors.
- Group your prospects into “segments” that have similar problems and can use your product in similar ways. By grouping them into segments, you can efficiently market to each group.

Evaluate your competition

- List your competitors. Include any competitors that can solve your customers’ problems, even if their solutions are much different than yours – they’re still your competition.
- Rate your own company and your direct competitors on operational efficiency (price), product leadership and customer intimacy. It’s easy to think you’re the best, so be as impartial as you can.

Stake a position

- Identify areas where your competition is vulnerable.
- Determine whether you can focus on those vulnerable areas – they’re major opportunities.
- Identify products/services you can offer to meet the true needs of your market in a new and better way.

Define your value proposition

- There are three core types of value that a company can deliver: operational efficiency (the lowest price), product leadership (the best product), or customer intimacy (the best solution & service). Determine which one you’re best equipped to deliver; your decision is your “value proposition.”
What’s next?

Develop a **brand strategy** to help you communicate your positioning and value proposition every time you touch your market. Together, these strategies are the essential building blocks for your business.