

## **Developing A Market Entry Strategy**

### **Using Competitive Landscape Maps as a Positioning Tool**

Developing a Competitive Landscape Map ("CLM") is a very important early step in developing your market-entry strategy and getting other people to understand it. There may be several of these maps (see samples below) charting different market variables that are important to customers in that market. There should almost always be one that uses quality and price as the X and Y-axis. Additional maps will look at other key dimensions, important to customers in that space, or dimensions that may be major product differences. Sufficient competitive intelligence should be done on each actual and potential competitor to understand its size/resources, current market position, sales

strategy, target markets and other factors, specific to the industry. While making the initial market-entry, it is always best to position your company where there is no one else already is on this map. When you do this, you are not selling head-to-head on day-one with more established competitors, when you are at the weakest.

Direct competition would force you into price competition early; whereas if you have a unique position, and you offer a differentiated product, or service, (hopefully tuned to the target market) you can offer the best product for the particular narrow niche of customers you are approaching. The more narrow your customer definition and focus, the more you can be tuned to their specific needs and win sales early on in your launch, when customers may be skeptical of you, or even your chances of survival.

### **Steps to Developing a Successful Market-Entry Strategy:**

1. Understand the competitive landscape well and have a short profile of each competitor. Market research is the key here. Keep this information in a living and breathing document that evolves with the market. Monitor news releases and visit their web sites regularly.
2. Decide on the key variables and develop several landscape maps to find a differentiated position which implies an identifiable target customer group where you will have a significant advantage over competitors.
3. Design your business; including pricing, sales strategy, marketing, product delivery (operations) and customer-service specifically to be optimized for that price-point and target-customer. On market entry you have to be better, faster, cheaper or all three to get customers to change vendors and consider working with a new company.

## Diagram - SIMPLE CLM SAMPLE

The levels and dimensions here are somewhat arbitrary and will be different for each space and set of competitors, but price and quality are two dimensions that impact almost every market space, except raw commodities which are not discussed here. So this is a good place to start until you flush out what other factors, features or benefits you will be able to offer that others do not. A simple example showing the automotive industry as rated by consumer reports might look something like this (not real data, only for illustrative purposes):

|                 |              |           |                 |                        |
|-----------------|--------------|-----------|-----------------|------------------------|
| Highest Quality |              |           | Acura           | Rolls Royce<br>Bentley |
|                 |              | Honda     | Toyota/Infinity | Mercedes               |
| Medium Quality  | Nissan       | Chevrolet | Land Rover      | BMW                    |
| Lowest Quality  | Yugo/Hyundai |           |                 | Hummer                 |
|                 | Low Price    | Mid-Price | Higher Price    | Highest Price          |

### Other variables and CLMs to develop for entering this market might include:

1. Sportiness (horsepower, sports cars and "sporty" features)
2. Luxury and comfort appointments (i.e. Lincoln, Cadillac)
3. Size of vehicle, number of seats etc. (minivans and large SUVs with 3 row seat)
4. Utility for storage (i.e. inside volume for storage, larger trunk size, pickup trucks to SUVs)
5. Sales Style (i.e. Saturn no hassle pricing)
6. Try before you buy (i.e. GM's recent overnight test drive)

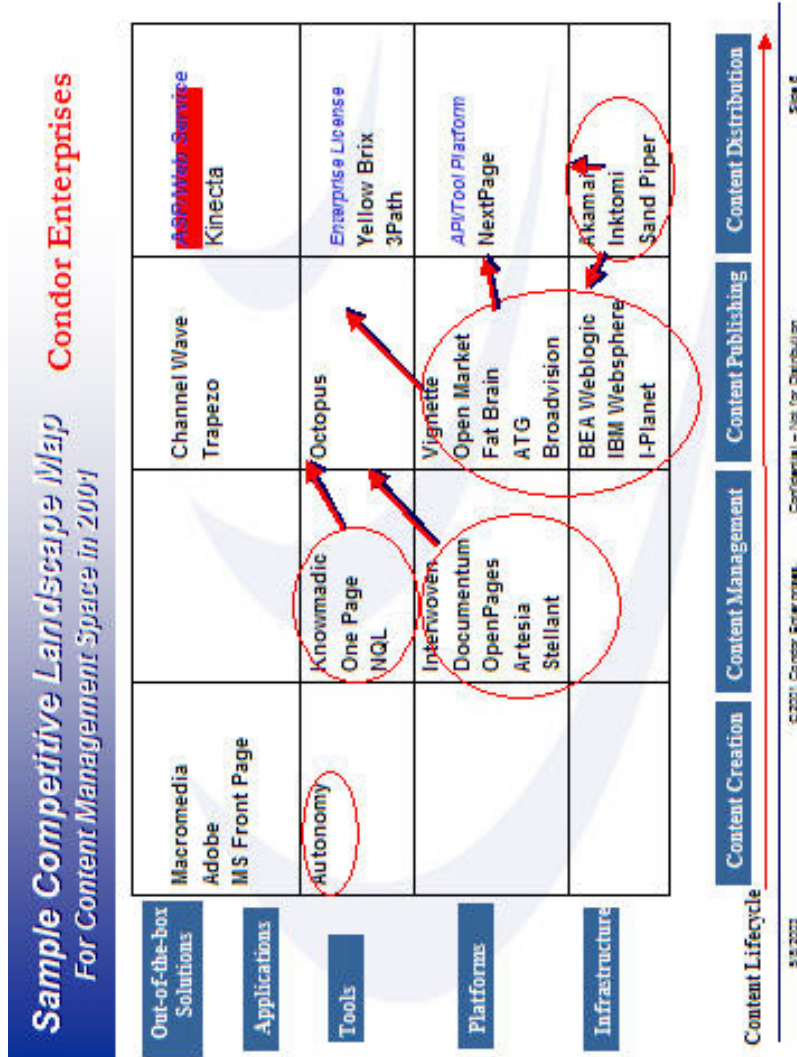
7. **Demographic targeting (i.e. young families, X Generation and the Nissan Xterra campaign)**
8. **Geographic targeting (i.e. Subaru 4WD in heavy snow regions)**

All of these can be looked at against each other, or against price. These different looks will systematize what an excellent marketer will do in their head by submerging in the market data.

### **A MORE COMPLEX SAMPLE CLM**

The following landscape map for the content management space in 2001 shows a completely different dimension appropriate for this particular industry segment. This is a market that has many more variables and very complex products, but these variables can be broken down into more maps, hence breaking down the problem into manageable dimensions that real human beings can think about and understand one at a time. The additional element of the arrows indicate the direction the companies seem to be moving in the market, while evolving their product(s) and/or acquiring competitors to broaden their product line. This is critical to make sure you do not launch at a market position, only to arrive at the same point as a more established competitor, at the same time. This would result in you having very little or no differentiation or selling advantage at THE critical launch time when you need to get your first, and therefore, almost always your hardest customers, on board quickly. People will be watching your momentum and you need to show progress and develop a reference customer database by focusing only on those customers that really need your differentiated benefit or feature.

**Diagram – Sample Competitive Landscape Map**



Being as unique as possible is the key here. The competitive landscape map is just a way to show this on paper and get you thinking about other dimensions. It is also a great way to communicate to others your market position, so employees can also understand this and leverage it in sales and customer-service contacts.

### **Differentiation Is Key**

Once this map is developed it becomes easy to see spaces (customer segments) that are not served by competitors. What does that mean? Well it means, there is a group of customers out there, who hopefully, you can identify by profile, who would want the exact product you could offer over any competitor. This means, with these customers you have the advantage and can probably maintain your price and not go into a “beauty contest”, or competitive “bakeoff” with every customer bid. You are giving the buyer, or decision maker, some reason to choose you that they cannot get from another vendor. This means, when you initially enter the market, when you are weakest, you can:

1. Focus your sales efforts on a manageable number of high-yield target customers
2. Protect your margins
3. Not attract the attention of larger competitors
4. Get customers to take the extra risk of working with a new supplier in exchange for that differentiator you have created
5. Get customer references more quickly
6. Get customer feedback that allows you to make product improvements more quickly
7. Build reference accounts

Remember, every day you run your company without sales you are leaking fuel, like the SR-71, without making progress. You must get time on your side, not against you by getting revenue flowing quickly. This is best done by serving a narrow niche first with exactly what THEY want, then broadening from there. Not only does this allow you to find customers with lower expense, but it will also increase your closing ratio dramatically.

There is no reason why your market-entry strategy needs to be the same as your long-term strategy, as your company grows and builds revenue and resources it can take on established competitors in spaces they control, but you must expect some margin degradation and harder selling. Very often, it is good to have a plan to evolve your company through several market positions to avoid head-to-head competition with the toughest players in the market. This can fight with the desire to "Brand" your company with a single particular image, but this is a manageable problem and is a topic for another article.



**This A-10 Warthog Was Designed For A Very Specific Purpose - Tank Busting. As a result, it does this very well, flying low and slow while firing depleted uranium rounds (shown) from the cannon that the entire aircraft was designed and built around. It was a star in the**

**1991 gulf war wiping out tanks for the cost of a cannon round with deadly accuracy and very little risk to our coalition troops. It would be a horrible dogfighter or bomber, but it has a very clear mission it could accomplish like nothing else! A very clear and specific market vision (niche) and function is important in designing any business too.**