

## Market Standing and Orientation

A company's standing and orientation can be simplified to two dimensions only – products and markets. Or even more simply it's about; 'What is sold (*the product*) and who it is sold to (*the customer*).'

Market standing has to be measured against the market potential and against the performance of suppliers of competing products or services - whether competition is direct or indirect.

The comment you sometimes hear: 'We don't bother about what share of the market we have, just so long as our sales go up', is pretty common. And it sounds likely enough, but it does not really stand up. By itself sales reveal little about performance, results or the future of the business.

A company's sales may go up - and the company heading for collapse.

Alternatively, a company's sales may fall - because its marketing may well be poor, or that it is in a declining industry.

The printing company, featured in the centre of

the page, is an example of what I mean.

The point is this! Not only are absolute sales figures meaningless alone, since they must be projected against actual and potential market trends, but market standing itself has intrinsic importance.

A business that supplies less than a certain share of the market becomes a marginal supplier. Why?

Well first its pricing becomes dependent on the decisions of larger rivals. In any business setback it risks being squeezed out altogether. As competition intensifies, distributors cut back on slow-moving merchandise and customers concentrate their purchases on the most

popular products the marginal supplier may not be able to compete with required service levels. Therefore being a marginal producer is always dangerous.

On the other hand leadership that gives market dominance tends to lull the leader to sleep. Many have foundered – or almost foundered - on their

own complacency. Such leadership generates enormous internal resistance to innovation so that adaptation to change becomes dangerously difficult. A further peril is that such a business begins to operate with too many of its eggs in

### Getting it Right!

**A printing equipment manufacturer reported rising sales year after year. The fact was though that new printers and their equipment were being supplied by the company's competitors. But because the equipment it had supplied in the past was getting old and needed repairs, sales shot up for replacement parts as this sort of equipment is usually bought from the original supplier.**

**What the manufacturer didn't know was that their customers were going to their competitors to buy new and efficient equipment rather than continue to patch up old machinery. The company was thus threatened with going out of business - which is what actually happened.**

one basket and if not careful becomes vulnerable to economic fluctuations and competitive pressure.

So there are dangers in operating an upper as well as a lower margin - though for most business risks attached to leadership may appear a good deal more remote.

To be able to set market-standing objectives, a business must first find out what its market is - who the customer is, where he is, what he buys, what he considers value, what his unsatisfied wants are. On the basis of this study a company must examine its products or services according to the 'lines' it produces and according to the wants of the customers they satisfy.

The point is amplified in the section of *Business Purpose*

above. The example opposite tells the story.

This means that each market in terms of its size, potential, direct and indirect competition, economic, innovating trends for each product – or service has to be determined. Such a definition is what might be described as **market or customer oriented**. Only then can marketing objectives actually be set.

In most businesses not one, but seven,

distinct marketing goals are necessary. These in fact break down into those goals that are directly related to product - market penetration and development, diversification and those that support their achievement.

Here they are, the key marketing goals set out below:

1. Existing products in their current market, expressed in value and volume as well as in percentage of the

market, measured against both direct and indirect competition.

2. Existing products in new markets set both in value and volume as well as in percentage of the market, measured

against both direct and indirect competition.

3. Existing products that should be abandoned - for technological reasons, because of market trend, to improve product mix or as a result of management's decision concerning what its business should be.

4. New products needed in existing markets - the number of products,

## A Weighty Problem!

**A confectionary manufacturer's count line products may be made roughly of the same ingredients and produced on the same production line.**

**But the markets for count line products may, however, be an entirely different line from count lines for leisure, travel and retail, and again be quite different from count line products that go for export and into multi-packs.**

**Count lines for retail may even be different lines if customers in one region judge their value by size, and customers in another by their calorific content.**

their properties, value and the market share they should gain for themselves.

5. The new markets that new products should develop - in value, volume and in percentage points.
6. The distribution, promotional and appropriate pricing systems needed to bring about marketing goals.
7. A service objective that reflects customers' wants and needs for value in terms of the company, its products, its sales and service organisation.

Service objective should be in keeping with the targets set for competitive market standing. In most cases it is not enough to do as well as the competition in respect to service because for service is the most effective and easiest – but often overlooked way - to build customer loyalty and satisfaction. Service performance should never be assessed with best guesses or on the basis of an occasional chat with important customers. It should be measured by regular, systematic and unbiased questioning of the customer.

Best wishes,



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