

# Reader Exercises

Now it is your turn to develop a competitive positioning for your venture and use that positioning to further refine your venture concept, your business model, and your product/service strategy. If you don't think you have competitors, think again. At the same time, the goal of competitive positioning is to create some space between your proposed venture and current competitors in a way that is meaningful and relevant to target customers—just as in the case of My M&M'S (see page 371).

## Step 1: Do Your Homework on Competitor Strengths and Weaknesses

- Identify your two to three most direct competitors. Identify the key metrics in your market space. The template shown in Figure 6.6 is a boilerplate that we want you to tune to suit your own venture. What does product or service quality or product/service performance mean for your target industry sector? Be specific. If there are key performance or quality metrics used in your target industry, apply these to competitors' offerings.
- Then, examine your own venture concept, your business model, and your product/service strategy. Together, how do these essential documents translate into a competitive positioning for your venture against the metrics you create and apply for competitors?
- On what dimensions of Figure 6.6 do you see a clear “win” relative to competitors? On what dimensions are you in a negative position compared to the competitors?

Dimensions of Competition	Your Venture Concept	Competitor 1	Competitor 2	Competitor 3	+ or – Position
Relative Price					
Product/Service Performance					
Product/Service Quality					
Market Coverage					
Sales Force Quality					
Marketing “Spend”					
Manufacturing Costs					
Operating Costs					

**Figure 6.6** Competitive Position Research Template

## Step 2: Prepare a Customer Perceptual Map

Talk to some customers and then construct a perceptual map. Refer to Figure 6.7.

- Dimensionalize the map—that is, create the two axes from the customer's perspective. What are these dimensions?
- Based on your customer research, how do you think target customers will locate the leading competitive offerings and then your offering on the map?

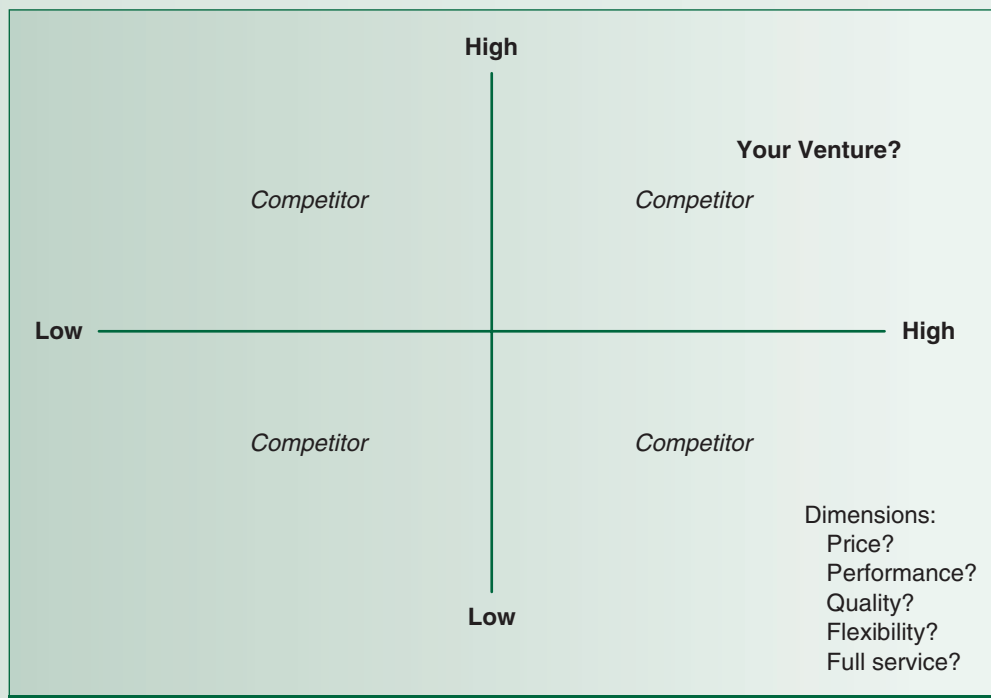


Figure 6.7 Perceptual Map Template

- c. Where would they position the “ideal” offering on the map? What is the distance between your planned venture and that ideal solution? If you were to ask customers what your venture must do to achieve the ideal positioning on the map, what would they tell you? (In the next chapter, you will get the chance to ask them!)

### Step 3: Revisit Your Venture Concept Statement, the Business Model, and the Product/Service Strategy

- a. With your venture concept statement in hand, does the “positioning” part of that statement still makes sense, given what you have learned in this chapter and your answers to the exercises above? If not, correct it now.
- b. Split up your initial or revised positioning statement into competitor and customer positioning—now that we have learned the important difference between these two forms of positioning.
- c. Based on your competitive and customer positioning, does the structure of revenue in your business model (and, in particular, the volume/price equilibrium you have chosen) still make sense? If not, make adjustments. Perhaps you can charge more! Or, perhaps you cannot charge as much.
- d. Lastly, reexamine your product/service strategy. Does your competitive analysis suggest that the best way to differentiate is to offer greater variety than competitors—making that an axis of the perceptual map—and that the best way to achieve this is to design a whole bunch of specific plug-ins or third-party plug-ins for your products? Or, perhaps it is best to position your offerings as a service, rather than a product.

All four of these activities require that you sit down with your teammates, *reflect*, and then *decide*.

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The development of a competitive positioning lends itself well to another checkpoint with your trusted advisors, your professor, and your fellow classmates. Get that feedback!