

7 Market Position

1 Genre of Market Position

- ◆ Leader
 - Largest share
- ◆ Challenger
 - Medium share
 - To challenge the leader
- ◆ Nicher (niche player)
 - Small market size
 - Segmentation other firms cannot think of
 - Small share \neq nicher
- ◆ Follower
 - No offensive posture against the leader

■ Matrix of Market Position/Managerial Resources

Relative Position of Managerial Resources		Quantity	
		Large	Small
Quality	High	LEADER	NICHER
	Low	CHALLENGER	FOLLOWER

Quantitative managerial resources: number of sales force, input financial power, production capacity, etc.

Qualitative managerial resources: corporate/brand image, marketing power, technological power, leadership of top management, etc.

Origin: Shimaguchi, Mitsuaki, *Integrated Marketing*, Nihon Keizai Shimbun, Inc., p.99

2 Strategy by Market Position

2.1 Leader's Strategies

2.1.1 Strategic Objective

- ◆ Expand the current share
 - To consider a marginal revenue with the share expansion
- ◆ Maintain the current share
 - Direct confrontation: Price competition — the ¥390 Combo
 - Interception: Pressures on parts/associated suppliers — MS
 - No blind side — full line, price/ P
 - Innovation — New products

◆Expansion of the whole market

-New users

Electronic notebook: Females, young people

-New application

Nylon: From military production to nonmilitary uses

-To Increase the quantity consumed per usage

Ajinomoto

Michelin

2.1.2 Leader's Marketing Mix

◆Product

-Plural targets/full line

-Quality at world standard

◆Distribution channel

-Open-type channel policy

◆Sales promotion

-Aggressive

◆Price

-Somewhat higher than the industrial average

2.1.3 Leader's Homogenization Strategy

◆Thorough homogenization (imitation)

-To instantly implement a thorough imitation when a competitive firm shows some sign of success with certain growth product. ... Walkman, RV cars

-Victory by the leader with a larger scale

-Preparation for a swift imitation (research and development)

◆Complete homogenization strategy

-To completely imitate products/marketing of competitors

◆Improved homogenization strategy

-To improve the first-mover's products/marketing leveraging the late-entrant's advantage

2.2 Challenger's Strategies

2.2.1 Strategic Objective

◆Expand the share and get to the top

-To deprive upper-rank firms of their shares

-To deprive lower-rank firms of their shares

◆Confrontation with upper-rank firms

- Head-on confrontation?

-“Differentiation”

- ◆ Guard against the leader's homogenization
 - To utilize managerial resources that is not possessed by the leader
 - To implement the differentiation that the leader cannot homogenize

- ◆ Examples of challengers
 - Casio's digital watch
 - Low price
 - Differentiation by multifunction
 - Discount stores
 - TV commercials (Momoe Yamaguchi "Digital is Casio")
 - Seiko countered with "Alba ". (Homogenization strategy)

2.2.2 Conditions for Success

Challenger not to be homogenized

- ◆ Usage of managerial resources not possessed by the leader
 - Kao challenged Shiseido with Sofina utilizing a reservoir of its "dermatological research".
- ◆ Differentiation of which the leader cannot take its homogenization action
 - J & J's toothbrush "Reach": Its brush part is smaller than that of ordinary toothbrushes. The leading firm Lion could not follow because it was also the top-rank maker of toothpaste.
 - Cecile: Door-to-door sales of underwear

Strategies for the successful challenger

"For the leading firm, its advantageous resources per se constitute the constraint."

- ◆ Customer property, customer network
 - Lens mount for single-lens reflex cameras
 - NEC98
 - Xerox's big client, rental sale
- ◆ Distribution channel
 - Direct marketing of personal computers: Dell
 - Home delivery of books
 - Clock shops → Stationary/mass-sales stores
- ◆ Brand power
 - Kirin of lager beer
 - Nikon of single-lens reflex camera

2.3 Nicher's Strategies

2.3.1 Strategic Objective

Maintain a high profit ratio in the limited niche segment

2.3.2 Nicher's Marketing Mix

◆Marketing Mix

- To provide a specific segment with a limited product line of the quality above the medium level at the price above a medium level
- Closed-type channel policy
- Not requiring any large-scale promotion

◆Notabilia: To prevent other firms' entry into the niche market

- The niche's market size appears too small for other firms to find attractive.
- To enforce a segmentation that no other firms can think of
- To leverage own unique capacity no other firms possess

2.3.3 Examples of Nicher

◆Okamoto Glass Co.

Dental mirror for dentistry

- Domestic share at some 90%
- Product differentiation

Astral-light effect, "Cold Mirror", natural light

To evaporate on the glass surface many layers of membranes with the variant refractive index in unit of 1/10000

- Product evolution

Reflecting mirrors for liquid-crystal projectors: Number one share in the industry with 80% within the home country and 55% around the world

◆Tokyo Keikyubin – Home delivery of flowers

- Limited to the 23 Wards of Tokyo
- What is a service that major home-delivery firms cannot provide?

Flowers are not only likely to deteriorate during the transportation to require special treatments, but also smear other packages, thus major transport firms were reluctant to handle them.

- Training of all drivers on flowers

Drivers give their extra consideration in accordance with characteristics of flowers during the transportation, and are capable to answer names of flowers if questioned by their receivers.

◆Kyoden Co. – Experimental manufacture of printed-circuit boards at free of charge

2.4 Follower's Strategies

2.4.1 Strategic Objective

- ◆Keep on surviving

-To target at a market segment which is not attractive to high-ranking firms, hence avoiding their competitive challenges

- ◆ Set sequence: To imitate the leader's marketing mix by downgrading it by one level
- ◆ Thorough cost reduction is indispensable.

2.4.2 Example of Follower

- ◆ Sanyo Electric Co.
 - Weak brand power
 - Whereby price discounts at electric-appliance shops
 - Thorough cost reduction in production sites

3 Summaries of Strategies by Market Position

Market Positions and Fundamental Strategies

Market Position	Characteristics	Objective	Fundamental Strategy
Leader	Firm with the largest share	Maintain/expand the largest share Highest profit in industry Reputation	full line, full coverage, homogenization, open-type channel policy, demand expansion, aggressive promotion, innovation, brand establishment
Challenger	To challenge the leader firm	To gain top share	differentiation (4Ps the leader cannot realize), semi-full-coverage policy, brand appeal and function appeal
Nicher	To provide specific market with strong & unique product service	High profit Reputation	full coverage of specific market, closed-type channel policy, securement of advantage in specific market, quality and price above medium level
Follower	Not large share Imitation-oriented	Profit for survival Accumulation of managerial resources	responsive to low price, price-appeal-type channel, target at economy segment, imitation of the leader firm's 4Ps

Origin: Shimaguchi, Mitsuaki and Ishii, Jyunzo, *Contemporary Marketing*, Yuhikaku Publishing, p.186

Edifice of Competitive Strategies by Market Position

Competitive Position	Market Position	Fundamental Strategic Policy	Competitive Domain	Strategic Set-Sequence
Leader	Market share Profit Reputation	Omni-directionality (standardization)	Managerial creed (focus on cliental functions)	Expansion of peripheral demand Homogenization Nonprice response
Challenger	Market share	Differentiation	To narrow down cliental functions and own unique capacity (vs. the leader)	Policy other than the above (differenciation from the leader)
Nicher	Profit Reputation	Centralization	To narrow down cliental functions, own unique capacity, and market segment coverage (vs. the leader and challenger)	Mini leader in specific market
Follower	Profit	Imitation	Vulgar philosophy (e.g., good stuff & cheap price)	Check on policies of the leader & challenger for swift imitations

Origin: Wada, Mitsuo et al., (1989), *Rise and Fall of Leading Companies*, Diamond Co., p.20