

Good Product Positioning: Essential to Market Strategy

What factor often accounts for the difference between success and failure in young companies with innovative products in fast-changing markets? The answer: Product Position. In essence, product position is “what you do” in the market. Your product position can make or break you, especially if you have expended your research and development capital. It’s worth getting right.

Some will define marketing strategy as simply meeting customer requirements at a profit. Product positioning deals with “what needs” will be met by “what capabilities” in “what profitable approach”.

Product Position: the starting point for Marketing Strategy

A few points to emphasize.

- Product position (“position”) refers to how a customer views your product (service or solution) in relation to competitors.
- The fundamental product position choice that you make is what client needs that you will meet with what solution and with what profitable approach. You are usually looking for niches to focus on.
- Product Positioning is critical to selling innovative products or entering fast-changing markets. If you miss important client needs, buying criteria or enter the market too early, you may perish. Arrive too late, or in dominated segment and you may be left with table scraps. That’s why technology companies have to get product positioning correct.

Product position drives the (whole) product development, the marketing plan, the sales channel, and the service capability and thus it is

expensive to change your product position. Changing a product’s position may jeopardize a young company, but a poor product position will always jeopardize a young company. Thus, it is imperative to get your product position correct as soon as possible.

It is imperative to choose your product position carefully. Changing a product’s position may jeopardize a young company but a poor product position will always jeopardize a young company.

Signs you need better Product Positioning

The top signs that you don’t have a tight product position include:

1. You have never developed a product positioning statement. (Who will use what? to solve what problem? and how will this be unique?)
2. People in your organization describe the many “potential uses” of your product (naively thinking this is good) as opposed to pain points of targeted customer segments.
3. You have little validation from (prospective) customers that you do solve a significant problem or give them a significant benefit.
4. Individual sales people make up their mind as to who to sell to and are soon scattered.
5. You are not building increasing momentum, with each new customer because they don’t reference each other very well.
6. Customer intimacy and product (service) focus is stifled because customers are so different.
7. The product (service) doesn’t meet client needs.
8. Your changes to the product (service) are “one offs”.

9. You complete product development projects only to find nobody actually cares.
10. People ask “What business are we in?”

If you have some of these signs you may not have clarity as to how you are building capabilities to meet important customer needs.

Good product position is found when you provide a unique product that is highly valued by customers. Sound straight forward? Rate your products in terms of your unique ability to provide them and their value to customers.

Developing Your Product Position

Good product position is found when you provide a unique product that is highly valued by customers. Sound straight forward? Rate your products in terms of your unique ability to provide them and their value to customers.

Your product position can be stated relatively simply. In our management consulting work we use a template that allows you to succinctly identify the client type, client needs, product category, competitors and product differentiation. Completing this product position template requires significant thought. It forces you to think about what you will offer and why it's different and valuable.

To get to a well-considered product position you, perhaps with our market assessment consulting assistance, should assess the following:

- Market Segments—Growth, Client Needs, Direction
- Competitive Landscape—Assess competitor “Position” and “direction” noting under-served niches and where competitors dominate.
- Your Company Strengths and Weaknesses. Most importantly you are considering your

ability to “reach” and “succeed” in these desirable segments.

- Most attractive Segments. What is the most attractive segment(s) that you think you can succeed in?
- Approach to Preferred Segment. Consider client needs and client buying behavior to assess how you will successfully penetrate and grow this segment.

After considering these factors (many of which you are thinking about in the course of starting or operating your company) you will be able to meaningfully develop your product position.

Good companies develop clear product positions for their product(s). However, the best companies take it a step further, by testing the meaningfulness of their product position with prospective customers, partners and financiers. This can lead to fine-tuning or sometimes re-thinking product position, early in the process saving time and money. How clear are you about your product position?

Linking Product Position to Overall Corporate Strategy

Good product position is enviable, but alignment between the product position and the overall corporate strategy is the big win. It should be intuitive that choosing your product(s) to meet a certain client need drives a lot of your organization's strategy. The nature of your product (what you do) drives your marketing plan. It drives your sales approach. It drives your research and product development. And so on.

Once you have succinctly described your product position you are in a much better position to focus your overall organizational plan including evolving your product and increasing revenue from the targeted market segments. Good product positioning pays off in success.