

## Session 7

### 4.4. Competitive intelligent system

All business in the industry needs a competitive intelligence system to manage and monitor the competitors.

This system needs to identify the type of information data, like evaluations, analysis, verification, validation and details results for the company.

### 4.5. Design competition strategies

For understand the competition the companies need to classify the target market. Leader, challenger, follower or occupant niche based on the different strategies that are established.

#### 4.5.1. Leader Strategies

For markets leads to the competition has to determinate on price, new product, distribution coverage and promotion.

- a) Expanding the total market demand, must open new accounts.
- b) Protect your current market share through continuous innovation for the purpose of the defense strategy.
- c) Improve their performance if they increase their market share.

#### 4.5.2. Challenger Strategies

The companies that occupy the second or inferior competition, challengers can use strategies to attack the competition. They have to investigate, choose the best alternative and attack.

#### 4.5.3. Follower Strategies

In this case, the company copies the product, and imitates the leader, also but could be as profitable as a product innovation.

Counterfeiter: The counterfeiter duplicates the leader's product and package and sells it on the black market or through disreputable dealers. Music record firms, Apple Computer, and Rolex have been plagued with the counterfeiter problem, especially in Asia.

Cloner: The cloner emulates the leader's products, name, and packaging, with slight variation. For example, Ralcorp Holding Inc. sells imitations of name-brand cereals in look-alike boxes. Its Tasteos, Fruit rings, and corn Flakes sell for nearly \$1 a box less than the leading name brands.

Imitator: The imitator copies some things from the leader but maintains differentiation in terms of packaging, advertising, pricing, or location. The leader does not mind the imitator as long as the imitator does not attack the leader aggressively. Fernandez Pujals grew up in Fort Lauderdale, Florida, and took Dominos home delivery idea to Spain, where he borrowed \$80,000 to open his first store in Madrid. His Tele Pizza chain now operates almost 1,000 stores in Europe and Latin America.

Adapter: The adapter takes the leaders products and adapts or improves them. The adapter may choose to sell to different markets, but often the adapter grows into the future challenger, as many Japanese firms have done after adapting and improving products developed elsewhere.

What does a follower earn? The follower normally earns less than the leader. For example, a study of food-processing companies showed the largest firm averaging a 16% return on investment; the number two firm, 6%; the number-three firm, -1%, and the number-four firm, -6%. In this case, only the top two firms have profits. No wonder Jack Welch, former CEO of GE, told his business units that each must reach the number-one or number-two position in its market. Following the leader is often not a rewarding path.

#### 4.5.4. Flank Strategies

Are a type of strategies, used in business and marketing, that try to draw parallels between business and warfare, and then apply the principles of military strategy to business situations, with competing firms considered as analogous to sides in a military conflict, and market share considered as analogous to the territory which is being fought over. It is argued that, in mature, low-growth markets, and when real GDP growth is negative or low, business operates as a zero-sum game. One person's gain is possible only at another person's expense. Success depends on battling competitors for market share.

#### 4.5.5. Guerrilla Strategies

The companies attack in all direction, they can use discounts, different promotions; this kind of strategies can use all segments, they attack from the back to the front. A smart marketer knows that success depends on combining several strategies to improve its position over time.

Guerrilla marketing is an advertising strategy, in which low-cost unconventional means (graffiti, sticker bombing, flash mobs) are utilized, often in a localized fashion or large network of individual cells, to convey or promote a product or an idea. The concept of guerrilla marketing was invented as an unconventional system of promotions that relies on time, energy and imagination rather than a big marketing budget. Typically, guerrilla marketing campaigns are unexpected and unconventional, potentially interactive, and consumers are targeted in unexpected places.

Guerrilla marketing involves unusual approaches such as intercept encounters in public places, street giveaways of products, PR stunts, or any unconventional marketing intended to get maximum results from minimal resources. In some aspects, a guerrilla marketing event can resemble a full blown entertainment production worthy of TV or radio status! You may find yourself needing to hire actors or performance talent. A talent search may not be what you want to focus a lot of time or energy on—a talent agency may be a good choice for recruiting some human resources for the more spectacular kinds of guerrilla promotions. One possible talent agency to contact—Day Talent. The company says:

Day Talent represents some of the finest talents in performing arts – theater, music, radio, television and film.

A bonus is that they can do things in foreign languages, in case you're targeting other markets.

More innovative approaches to Guerrilla marketing now utilize mobile digital technologies to engage the consumer and create a memorable brand experience. Jay Conrad Levinson, the father of Guerilla Marketing, says the guerrilla marketer must “deliver the goods”. In *The Guerrilla Marketing Handbook*, he states: “In order to sell a product or a service, a company must establish a relationship with the customer. It must build trust and support. It must understand the customer’s needs, and it must provide a product that delivers the promised benefits.” The term Guerilla Marketing comes from Guerilla warfare, which is basically what an enemy resorts to when they are completely outgunned, outnumbered, and outmatched in a conflict. An example of this being, how insurgent groups in Afghanistan fight the US military. Just like there are military tactics, there are also Guerilla marketing tactics. Here is a list of some of those tactics.

1. Price discount strategy - The challenger can sell a comparable product at lower price. It is apparent in price wars in airlines there are also a few strategies to effective Guerilla Marketing.
2. Cheaper goods strategy - The idea is to offer an average or low quality product at much lower price. This works when the buyer is interested only in price.
3. Prestige goods strategy - The challenger can launch a higher quality product and charge a higher price than the leader.
4. Product proliferation strategy - Challenger can attack the leader by launching a larger product variety, thus offering more choice to the buyer.
5. Product innovation - Create a product that truly stands out from the competition, and continually highlight the difference between your products and those of your competitor.
6. Improved service strategy - Provide a service that has more of a personal appeal in comparison to your competitors and continually highlight the differences.
7. Distribution Innovation strategy - Developing new channels of distribution. Like direct selling to customers.
8. Manufacturing cost reduction strategy - Employing lower manufacturing cost through more efficient purchasing.
9. Intensive advertising promotion - The challenger engages in a rigorous advertising program.

There is no one, who can more effectively describe what makes a successful Guerilla marketing campaign, than the father himself. Levinson, has his own website where he provides plenty of resources to anyone, looking to find out how to engage in a successful marketing campaign. In particular, he has an archive of short and concise articles that most marketing agencies would charge money for, but Levinson gives it away absolutely free. Take a look, and you too can become an efficient Guerilla Marketer.