

What Kinds of Strategic Positions Are There?

What makes a company different? Is it the nature of its products or services? The quality or cost? The geographic area or type of customers served? Perhaps the company has proprietary products customers can't find elsewhere.

There are many ways to distinguish yourself from your competitors, including:

- Customer Perception Factors
- Market Segment
- Market Share
- Operational and/or Technological Advantages
- Proprietary Products, Technology, Abilities, or Relationships
- Sales Channels
- **Business Model**
- First-Mover Advantage
- Lean Start-Up
- Branding

Each of these strategic approaches offers opportunities but also poses pitfalls. And they may be related: If you are positioning your company on the basis of low price, you'll also need operational efficiencies to reduce costs or else you won't be able to survive against competitors with higher profit margins.

Customer Perception Factors

This is the “better, faster, cheaper” approach, based on how customers distinguish your company and its products and services from the competition. Some key customer perception factors are below:



Concentrating on customer perception factors is the most typical method of attempting to differentiate yourself from the competition. They seem the simplest, most straightforward way to compete. Surprisingly, they may be the most difficult to achieve and maintain. For instance, competing on the basis of price is often perilous. While it is easy — in the short run — to attract customers on the basis of low price, highly price-sensitive customers are the most fickle, quickly tempted away by the next company offering a lower price. Once you appear to be attracting a significant portion of the market, well-funded established competitors can lower prices (even if they have to take a loss) to compete temporarily until you are no longer able to sustain your losses.

Other perception factors may be harder to “prove” to the market. You may have to spend a lot of money on marketing and advertising to get customers to realize that you offer additional features, more convenience, or higher quality. Once you do, however, you may be able to build a loyal and committed customer base that appreciates the differences between you and your competition.