

# North American Management Briefs

Published by:



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## You Should Know...

### Talk about Charity

A former Episcopal monk from Tennessee who had taken a vow of poverty won \$259 million in the Powerball jackpot. He immediately set up foundations for the poor and pledged to give every penny away.

**The Point:** He took the vow very seriously.

### Drink Responsibly

A Taiwanese woman suffered excruciating stomach pains for six months. Surprisingly a fountain pen was found lodged inside her intestines. She was operated on immediately. She suggested she might have ingested the pen during a drinking binge six months earlier.

**The Point:** Don't drink while writing.

### In Bad Shape?

More than two-thirds of American 17 to 24 year-olds would fail to qualify for the military service because they are too unhealthy, lack a high school diploma, or have a felony conviction reports *The Wall Street Journal*.

**The Point:** Two-thirds? Wow!

### The Fountain of Youth?

Go to college and live longer? That's the finding of research conducted by *Aeon*. Specifically, college educated males and females had a life expectancy 12 years longer than those that did not finish high school.

**The Point:** Get a PhD and live to be 100?

### August's Quote

*"Google is not a synonym for research."*

Novelist Dan Brown

## Seizing Market Share

If you want to grow faster than the market, and do it profitably, you need to seize market share. To do this you need to understand and execute a viable competitive strategy. There are two possible competitive strategies, one based on cost and the other based on differentiation.

Either one can be effective although they are mutually exclusive. A competitive strategy based on low cost can work, but is difficult to defend.

A differentiation strategy (product innovation, fast service, superior warranties, broad product lines, captive channels, etc.) is a better choice.

Before waging a market share battle (they are expensive), you might ask how much potential profit your industry can deliver. It is greatly influenced by five industry forces:

- *Constant jockeying for position* by current competitors (instability)
- *The potential for outside competitors* to enter the industry
- *The potential of a substitute* for your products or services
- *The economic power of suppliers* of raw materials to the industry
- *Consolidation of the industry's customers*

When crafting a market share strategy remember the most important rule is never to attack the leader head-on with the same strategy. This is called strategic convergence and leads to price wars.

In order to attack an industry leader successfully a challenger must

have a sustainable competitive advantage, be close to the leader in cost, and must have some means to thwart the leader's retaliation, especially when the leader has a reputation for cutting prices.

The three primary marketing tactics to attack the leader are:

- *Changing the way value producing activities are performed* or reconfiguring the value chain
- *Redefining the competitive scope* compared to the leader
- *Outspending the leader* in a specific niche market or industry

Both sales (the art of persuading) and marketing (planning exactly what to do and how to do it) are essential when mounting a market share battle.

**The Point:** Market share initiatives have been well studied, especially by Michael Porter of Harvard. Any of his books on competitive strategy is well worth reading.

Remember market share battles can take time so the commitment of top management is required.

## Top 10 Largest Stadiums

Stadium	Capacity (thousands)
Indianapolis Motor Speedway	250
Tokyo Racecourse	223
Shanghai Intl Circuit	200
Daytona Intl Speedway	168
Lowe's Motor Speedway	167
Nakayama Racecourse	165
Bristol Motor Speedway	160
Suzuka Circuit	155
Istanbul Park	155
Texas Motor Speedway	154

Source: *Top 10 of Everything*