

# North American Management Briefs

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LEHNEN, MOLLAN & Associates

Channel Distribution and Pricing Consultants

Phone: 1-815-226-1666 www.lmausa.com

## You Should Know...

### How to Save Time?

President Chávez of Venezuela, during his weekly radio show (always 5-7 hours long), announced his plan to make Venezuela much more efficient by moving the clocks ahead one half hour.

**The Point:** Hmmm...more planes will arrive early.

### Ouch!

The Japanese manufacturer of an arm-wrestling game popular in amusement parks called "Arm Spirit" recalled 150 of the devices after three players broke their arms trying to beat it. The manufacturer theorized that some players just got "overexcited."

**The Point:** Is it possible the "overexcitement" was alcohol induced?

### More Studying, Less Sex

Two recent surveys conducted by both Harvard and MIT revealed that 47% of Harvard students and 51% of those at MIT (full time undergrads) were virgins. A follow-up pole revealed that 80% of the undergraduate students at four Ivy League universities admitted to having one or fewer sex partners the previous year.

**The Point:** Public perception to the contrary, America's college campuses are not "sexual free-for-alls."

### October's Quote

*"Success isn't permanent, and failure isn't fatal."*

Mike Ditka, Former Chicago Bear's Coach

## Penetrating Well-Guarded Markets

Searching for strategies to fuel profitable sales growth in 2008?

The most common strategy is to focus on capturing a portion of the largest, fastest growing market. Unfortunately, this rarely works. Those markets are usually well guarded by large competitors with strong brands and loyal distribution channels.

What to do? Fortunately, two recently completed studies revealed how several manufacturers have, between 1990 and 2001, successfully penetrated well guarded, large markets.

The single element most common to their success was that they mounted an indirect, not direct attack on the competition. Yes, a niche strategy to avoid head-to-head competition, which often results in a price war.

Duplicating a competitor's product isn't particularly effective (you become a less profitable "me too" follower), neither is copying their channel model. When entering a large market, a different approach is called for.

Military Academies and most graduate schools use the time tested text on strategy, von Clausewitz, *On War*. The lesson this text teaches is that you must attack an enemy at its weakest point to obtain an advantage. Later it is possible to go after the competitor's stronghold.

An example? The carbonated soft drink industry is one of the most competitive in the U.S. Two large competitors (Coca-Cola and Pepsi-Cola), are skilled, well funded, aggressive, and hold a commanding market share.

Attempting to enter it in 1998, Virgin Drinks advertised heavily to get into the biggest retail outlets. They never captured more than a 1% share of the market.

By contrast, Red Bull from Austria entered the U.S. in 1997 as a niche product, a carbonated energy drink.

It focused on building a small but loyal following in bars and nightclubs. By 2005, it had elbowed its way into the major retail channels. It now enjoys a 65% share of the U.S. \$650 million energy drink market.

**The Point:** Three basic indirect strategies are effective, they are:

- Creating a niche between two competitors.
- Leveraging existing resources on a small, but influential niche.
- Reconfiguring the niche's value chain.

This seems simple, but the magic lies in combining the three.

### Countries That Spend The Most Eating Out (in \$000,000)

Country	Sales
USA	\$175,946
China	\$100,310
Japan	\$89,197
India	\$87,167
Italy	\$36,233
France	\$31,740
South Korea	\$15,297
Germany	\$14,514
Spain	\$14,013
Mexico	\$11,725

Source: *The World Market for Consumer Foodservice, 2004*

### U.S. Holidays

- 11/11 **Veteran's Day**, U.S.  
**Remembrance Day**, Can  
 11/22 **Thanksgiving**, U.S.