

One of the greatest challenges facing a company is attempting to win against a market leader. In many cases, leaders have substantial advantages based on their position in the market that include pricing power, brand recognition, control of distribution channels, a satisfied customer base and more.

As part of Crimson's work with our clients, we have discovered three Best Practices that enable companies to win against market leaders.

## The Three Winning Best Practices

1. Accept the reality of the competitive landscape
2. Pick an opening in the competitive landscape to own
3. Relentlessly enforce your market focus decision

## **1. Accept the reality of the competitive landscape**

The competitive landscape is often harsh and unforgiving. The first Best Practice is to understand where you exist today and accept that reality. You'll only be able to win against the market leaders by defining your own terms which means accepting what you can and cannot do. Once a company is clear about its place vs. competitors, it can develop a clear strategy based on reality, rather than hope.

Study the competitive landscape and you will see that the leaders have established themselves in ways that you can leverage. They have usually educated the market and built awareness about your product category, set customer and channel expectations, and created momentum and demand that will exist regardless of your best efforts. It's best to swim with the current when the current is strong.

- Macromedia (now part of Adobe) is adept at this approach. Macromedia is the provider of the ubiquitous Flash technology, which enables animation on an enormous variety of computing devices. It decided to hook up with potential competitors (and market leaders) Netscape, Microsoft and Apple, and enable Flash to be embedded into those platforms. Macromedia's SVP of Mobile and Devices, Peter Meechan ([other insights](#)), states "We're the Switzerland. We've figured out it's in our best interest to play a neutral role." By recognizing the market dominance of several potential competitors, and partnering with them, Macromedia leverages that leadership to its advantage.
- Sybase provides an excellent example of a company that succeeds by accepting the reality of the competitive landscape. It competes against Oracle, IBM, and Microsoft and recognizes that it will never be as dominant in database management. Two ways that Sybase deals with this are by choosing the right kind of customer and by partnering effectively. Sybase's VP of Field Marketing, Mark Westover ([other insights](#)) explains that "Prospects who are concerned about being locked into the single vendor solution offered by our larger competitors are more likely to be interested in Sybase, and the Sybase sales organization knows how to find and serve those prospects."

While the market leaders can often bring a whole solution to market without a partner, Sybase cannot. Instead, Sybase focuses on partnering to create and deliver the entire solution. This approach further emphasizes the multi-vendor approach that some prospects desire, and also adds to their competitive advantage as the company leverages the go-to-market capabilities of its partners.

- Agile Software is keenly aware of the dynamic nature of its competitive landscape. Agile competes in a category called Product Lifecycle Management (PLM). Agile recognizes that when the market leaders (SAP, UGS, Oracle) address the PLM landscape, they may claim technology advantages, have certain marketing advantages, or have a larger installed base. Agile's VP of Industry Solutions, Simon Parmett ([other insights](#)), says "Understanding the changing landscape is important because there is only one real sustainable competitive advantage, and that is commitment to guaranteed business results." Agile focuses on proving economic value to its customers and has incredible corporate discipline around this differentiator.

Sybase knows which battles it is not likely to win and excels at pursuing only prospects who represent a great fit for them.

## 2. Pick an opening in the competitive landscape to own

Market leaders have disadvantages you can leverage. To address a new market opportunity, they must meet high hurdles – much higher than yours – for size and growth. In addition, their ability to move quickly is limited. This means they'll leave opportunities for you to find segments that you can own – segments that don't appear to be large enough or growing quickly enough for them – before they can create a competitive advantage in that segment. Your leverage lies in narrowing your focus to a market segment you can own and define before that particular market segment becomes appealing to your competitor.

- Quest Software makes productivity enhancement and database performance software. Quest's primary market segment is defined as companies using Oracle databases, and their largest competitor is Oracle. How can a company of Quest's size (\$389 million) compete against the clear market leader, Oracle (\$11 billion)? Quest has narrowed their focus on one element of the solution – the company's definition of a market segment it can dominate. Quest's CEO, Vinny Smith ([other insights](#)) says "We don't provide the full stack of technology, we make the stack function better." Quest has proven that by choosing the right sub-segment, they can go head-to-head with a behemoth and win.

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- AMD competes against Intel and makes microprocessors that work with software written for the Intel x86 architecture. Intel believed that a larger market opportunity existed in a new and proprietary architecture for high-end microprocessors, and built the Itanium. Part of the reason it built a proprietary microprocessor was to create a barrier to entry for AMD, and to enter a market with higher margins.

AMD, however, focused on addressing the needs of their current customers and built the next generation microprocessor that could still run all of their customers' existing applications. According to John Volkman, VP of Strategic Communications at AMD ([other insights](#)), "What customers really wanted was to take the x86 architecture upstream. We came up with

an incremental improvement to the existing product line, which was exactly what the market wanted.” AMD’s relentless focus on fulfilling their customers’ requirements enabled it to come to market earlier with a solution based on Intel’s x86 architecture. AMD beat Intel at their own game and succeeded beyond anyone’s expectations with the Opteron, a 64-bit microprocessor.

### **3. Relentlessly enforce your market focus decision**

A corollary Best Practice to narrowing your market focus is enforcing that decision. One of the biggest strategic challenges facing companies is learning to say “no” to sales opportunities. Not pursuing business is a difficult decision to make, requiring a certain corporate courage. The sales organization will present undeniable revenue opportunities that fall outside of the strategically narrowed focus. Successful companies will choose to not pursue this incremental revenue, at least until these opportunities are sufficient to change the corporate strategy.

- Aspect Communications competes in the contact center market against companies such as Avaya, Nortel and Cisco. Aspect SVP and CMO, Brian Gentile ([other insights](#)) drove a corporate-wide, rigorous process through which Aspect defined the segments it wanted to own. According to Brian, it’s easy to get excited about sales opportunities, and very hard to say “no” to them. “You’ve got to have corporate courage to accomplish this. Every week our strategy is tested by sales opportunities and we have to balance these against our chosen strategy. It’s fundamentally an investment decision for us.”

Aspect’s refinement of their focus is fundamentally an investment decision for them.

- palmOne has been faced with a similar challenge. It makes some of the most popular handheld devices, but it doesn’t make a dedicated MP3 player. It could choose to compete against Apple, Sony, Dell and others, but according to Ken Wirt, palmOne’s SVP of Worldwide Marketing ([other insights](#)), “We chose not to pursue the MP3 player business because we don’t have a great key differentiation.” Instead, palmOne has chosen the strategy of enabling owners of palmOne devices to listen to MP3 files through expansion cards. The dedicated MP3 player market is very tempting, but palmOne has stuck to their strategy of developing products only in an area where they can create a sustained competitive advantage.

### ***In Conclusion***

Once you’ve narrowed your focus and differentiated yourself, how do you keep it going? According to Brian Gentile, “You need to constantly revitalize your strategy. And the process of revitalizing begins as soon as your strategy is set. A company’s strategy begins to decay as soon as it’s born.” Nobody said winning against the market leaders would be easy.

### ***About the Author***

By **Glenn Gow**. Mr. Gow founded Crimson thirteen years ago. He has consulted on strategic marketing issues for some of the most successful companies in the world (including Adobe, BEA, Cisco, HP, IBM, Intel, Microsoft, Oracle, Seagate, Sprint, Sun and Symantec), as well as dozens of emerging companies. Under his leadership, Crimson achieved “Inc. 500” status when Crimson became one of the U.S.’s fastest growing companies.