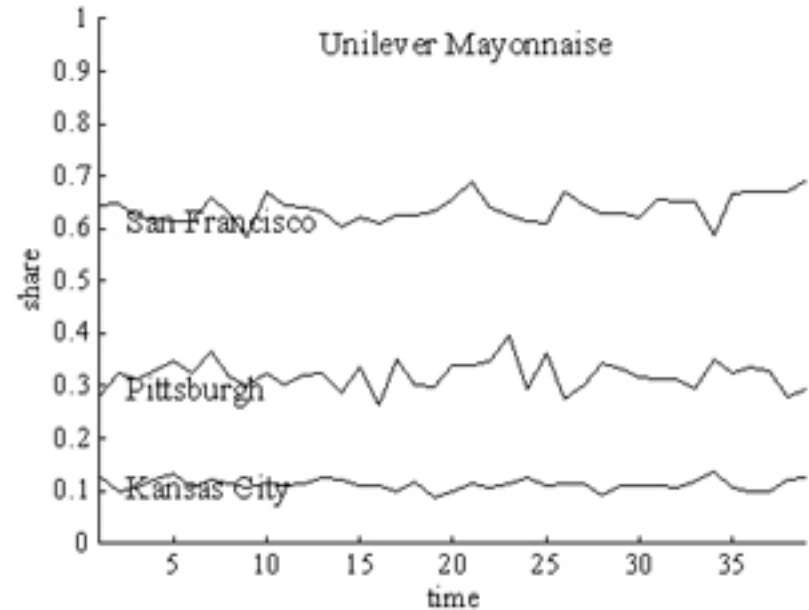
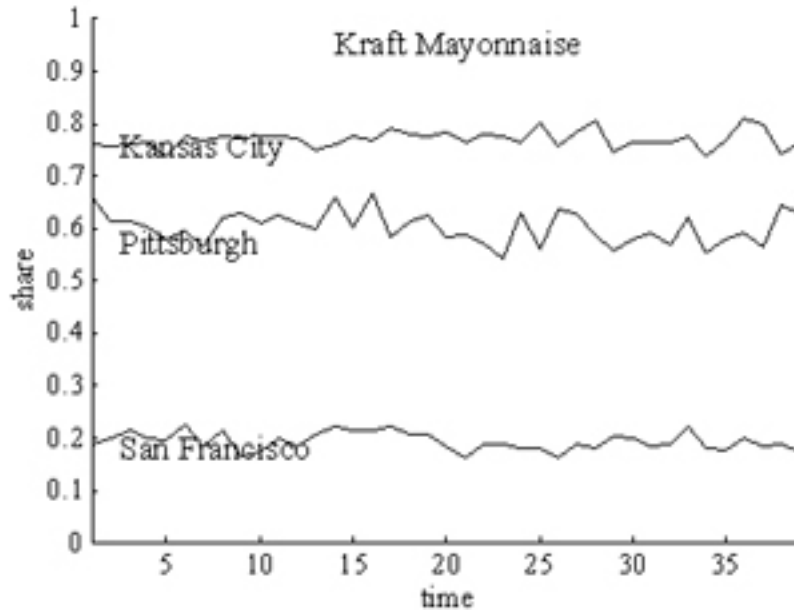


Marketing Strategy: Deciding Which Markets to Target

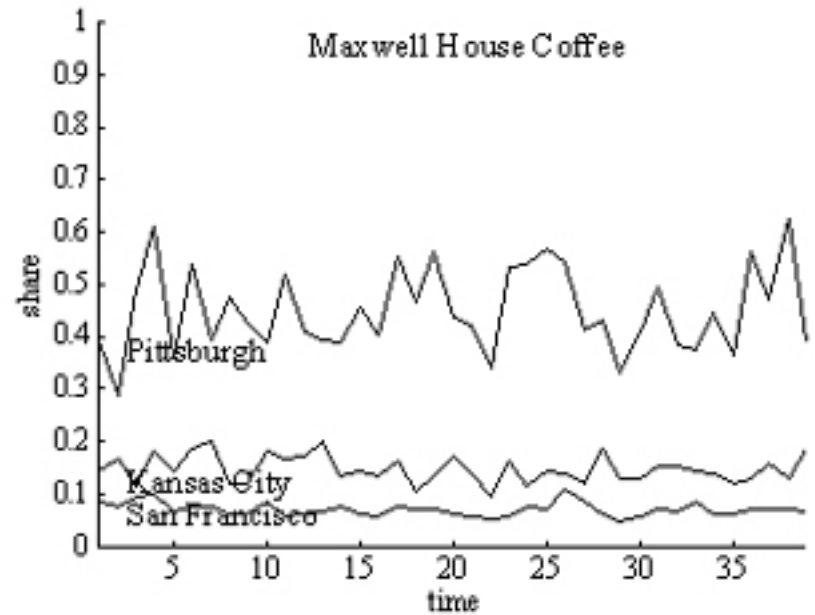
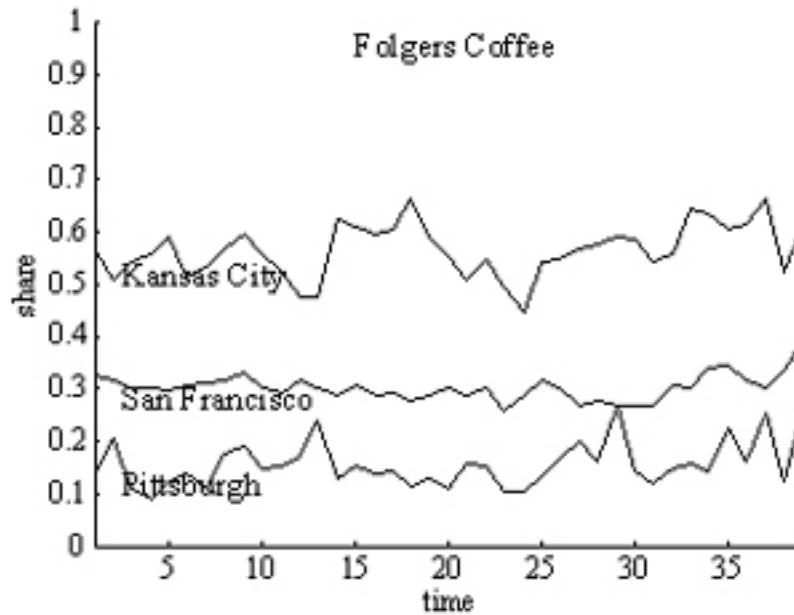
Share of Mayonnaise Market



Large variation by market

Little variation over time

Share of Coffee Market



What Drives Market Share?

Brand	Percentage variance across markets	Percentage variance across time
Folgers Coffee	92.1	2.1
Maxwell House Coffee	94.0	1.5
Kraft Mayonnaise	98.2	0.3
Unilever Mayonnaise ^a	98.1	0.3
Dannon Yogurt	91.6	2.3
Yoplait Yogurt	95.0	1.2

^aHellmann's in the east of the United States and the Best Foods brand in the west

Image by MIT OCW.

Strategy: variation across markets

Tactics: variation over time

Which Markets Should You Enter?

1. Market size
2. Horizontal competition
3. Vertical competition

1. Market Size

How much do customers want the product?

What does it cost to satisfy their needs?

How many customers are in the market?

2. Horizontal Competition

Markets in which you have market power

Few competitors

Differentiated from competitors

Forward looking

Potential competitors

Entry barriers

How Do You Differentiate Yourself?

Requires *Resources*

Is it something that you own or control?

Does it differentiate you from your competitors?

Is the differentiation sustainable?

Does it contribute to satisfying customers?

Resources are also entry barriers

Illustrative Examples

A new pricing tactic versus a new distribution system

Landing slots at Denver versus Heathrow

Skill at playing scrabble versus baseball

20:20 vision for an athlete versus a manager

Common Examples

Cost advantages: but loss of other resources

Perceptions: can customers search

Relationships: formal and informal

Proprietary technology: pharmaceuticals

Skilled personnel: David Beckham, Peter Lynch

Market Share

Evidence of market power

Can market share be a resource?

- Costly to switch (WordPerfect)?
- More valuable if more people use it (Word, fax)?
- Economies of scale (Blockbuster)