

# Entrepreneurship

Lecture #8b

Competitive Positioning  
Case Study



# Company Positioning

- Company and Product
- Plays to
  - Customers needs
  - Company's strengths
  - Competitive weaknesses

# Positioning

COMPANY

PRODUCT

King OF ?



- CLEARLY Defined
- Differentiating
- Flexible over time

# Positioning Example

## T1 circa 1986: THE STORY



- Breakthrough technology
  - 1.5 Mbits/sec
  - Current fastest = 56 Kbit/sec
- Supports both Voice & Data
- Highest WAN speed
- Standards based
- Multi-billion industry projections by 1990

# Marketing Positioning Example

## T1 circa 1986: THE PLAYERS

<i>Mux</i>	<i>PBX &amp; Data</i>	<i>Start-ups</i>
Timeplex GDC Racal	AT&T ROLM NT IBM	NET DCA/Cohesive Stratacom Infocom

# Marketing Positioning Example

## TIMEPLEX (Established Mux Vendor)

### Market View

- 56K & modem market
- Faster T1 pipes

### Other Products

- 56K mux
- Channel banks
- Modems

### Strength/Weakness

- WAN
- Fortune 500 networks

**POSITIONING**

Timeplex  
Just another box

Soup-to-nuts WAN

# Marketing Positioning Example

NET (Startup founded 1983)

## Market View

- Nascent T1 market
- Low cost WAN pipes

## Other Products

- none

## Strength/Weakness

- T1
- Startup

# POSITIONING

voice control system  
T1 backbones

Tech experts & leader

# Marketing Positioning Example

## COHESIVE (Startup founded 1983)

### Market View

- Nascent T1 market
- Integrated pipes

### Other Products

- none

### Strength/Weakness

- T1
- Startup

**POSITIONING**  
Same as NE  
(head-to-head)

# Marketing Positioning Example

NEWBRIDGE (founded 1987)

## Market View

– Feed T1 backbones

## Other Products

- none

## Strength/Weakness

- Low cost, low quality
- Voice (not data)
- Canadian
- Startup

# POSITIONING

Smart Channel Bank

Affordable

International

# Marketing Positioning Example

## STRATACOM (Startup founded 1985/87)

### Market View

- Data efficiency
- LAN internetwork (routers)

### Other Products

- none

### Strength/Weakness

- Packet switching

**POSITIONING**  
Fast packet-switching  
technology play  
Data

# Marketing Positioning Example

## IBM

### Market View

- Voice/data integration
- Better IBM connectivity

### Other Products

- Everything data
- Purchased ROLM 1985
  - Voice PBXs

### Strength/Weakness

- BIG computers
- Growing PCs
- Data

# POSITIONING

SEM 11E  
Voice & Data Integ.  
IBM Connectivity

# Marketing Positioning Example

## AT&T

### Market View

- Service price
- Integrated network

### Other Products

- Everything

### Strength/Weakness

- Services
- All networks

# POSITIONING

AT&T name

# Results

- NET IPO, eventually hurt by AT&T
- Cohesive Acquired by Racal, lost to NET
- Timeplex #2 to NET
- Newbridge Success in feeder market, then WAN
- Stratacom Failed in T1, then king of Frame Relay
- IBM Failed T1, sold ROLM, IBM connectivity
- AT&T Succeeded in T1 bundled services
- GDC, Infocom Failed – too late to market

*Conclusion: Different strategies for different companies  
Depends on the 3 C's*

# *Positioning*

## Common Mistakes

- Position only to market
- Don't properly consider COMPANY STRENGTHS

=> IBM (not voice experts)

# *Positioning*

## Common Mistakes

- Take on too BIG of a market
  - Make all customers “happy”
- => Timeplex (tried to sell everything)

# *Positioning*

## Common Mistakes

- Too product “geeky” feature oriented - not a BENEFIT to customers

=> Stratacom

# *Positioning*

## Common Mistakes

- Try too hard to protect your existing products  
=> Timeplex, GDC, IBM

*If you don't obsolete your own products, someone else will*