



# WHAT IT TAKES TO BE A MARKET LEADER



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# INTRODUCTION

## **What is a Market Leader?**

A market leader is the firm that has successfully captured the largest market share in the industry or has the highest profitability margin.

## **Market Leaders = First-Movers?**

Although many tend to think that market leaders are first-movers who are enjoying the first-mover advantages, this is only true to a certain extent. Some first-movers are unable to capture the market due to high cost of innovation.

Second-movers, who watched the first-movers and learnt from their successes and mistakes, are able to derive more efficient and cost-effective methods to run the business.

Moreover, market rankings are ever-changing due to dynamic market forces. It is a common mistake for market leaders to be complacent about their positions and end up slipping down the rankings. This acts as the motivational force for other market players as well, since there is a possibility for them to rise through the ranks.

## **What to Expect in this Whitepaper?**

This whitepaper seeks to understand some common characteristics of market leaders. This knowledge will benefit the development of company strategy.

# CHARACTERISTIC 1: CUSTOMER-CENTRIC

## Customers, the Source of Profit

Market leaders are those who recognise that customers are the source of profit. This may sound obvious, but there are companies that firmly believe that the best product will automatically draw customers to them. Unless the firm is a monopoly, this is highly unlikely since the entire customer experience is made up of more than just the product itself.

## Needs Identification & Fulfillment

Hence, the most successful firms are those who know how to identify consumer needs and fulfill those needs. Companies need to be aware of present market trends as well as consumer changing preferences that arises from changing lifestyles.

## Methods of Needs Identification

The best way to identify needs would be getting customer feedback. This can be done via *post-purchase feedback forms, trendspotting, conducting market research, or conduct social media analysis* to see what are consumers talking about with regards to the product or industry. When consumers get what they desire, be it value or prestige or other benefits, it is hopeful that their purchase satisfaction will drive them to repeat their purchase.



Customer Needs



Identification of Customer Needs



Company's Ability to Fulfill Identified Needs



Customer Satisfaction

I

II

III

IV

## CHARACTERISTIC 2: ADAPTABILITY

### Even Loyalty has an Expiry Date

Those who used to be highly satisfied with the company's product can decide to look elsewhere. Brand loyalty counts to nothing when a company can no longer meet the needs of the consumer or reach them.

### Adapt to Remain Relevant

As market forces are always changing, companies need to be willing and capable of dealing with change in order to remain relevant in the market. As technology becomes a greater part of the workplace as well as consumers' lives, companies can no longer ignore that but adapt accordingly.

### Example: Kodak & Its Digital Cameras

One classic example would be Kodak. Kodak invented the first digital camera but it did not release it for fear that it will cannibalise its own film camera business. Sony and Canon saw the opportunity for digital cameras, entered the digital camera market, and successfully captured it. When Kodak decided to get into the sphere, it was slightly too late.



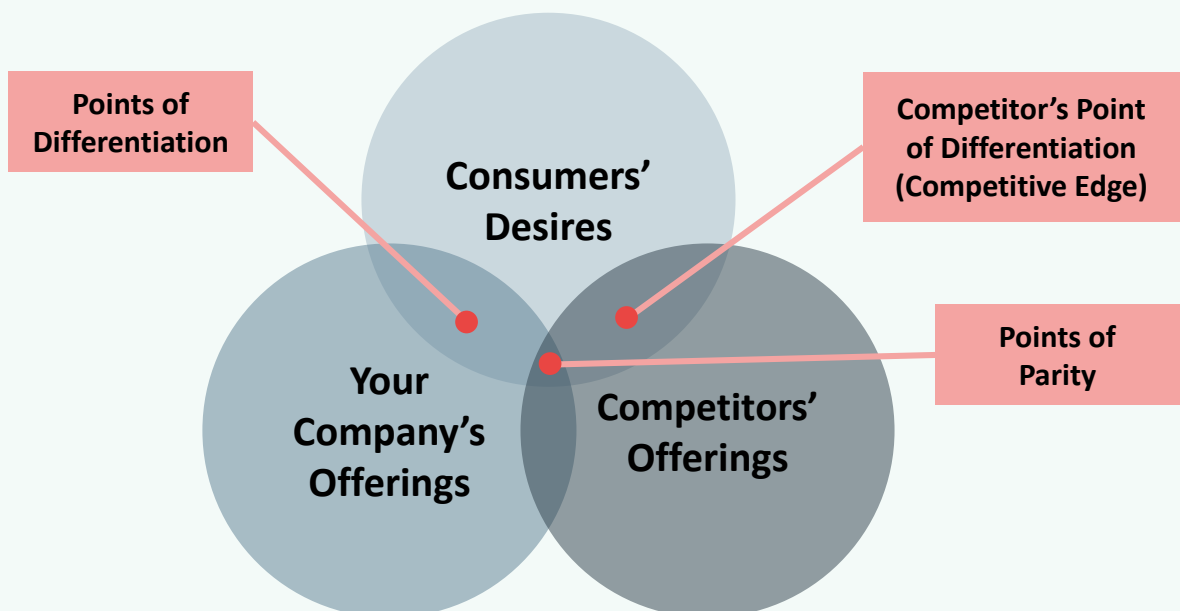
# CHARACTERISTIC 3: POINTS OF PARITY & DIFFERENTIATION

## Points of Parity (POP)

Many are familiar with the concept 'points of differentiation' but not so with 'points of parity'. Points of parity (POP) refers to category features that are essential to compete in the marketplace and to land itself in the consumers' consideration set.

## POP are Non-Negotiables

In short, POP are the *must-haves* or *non-negotiables*. For instance, a typical automobile consumer would expect the car to be safe, sturdy, and long-lasting. A car model may have the best aesthetics and functionalities but if it is perceived as unsafe, it will be eliminated from consideration immediately. Unless competitive parity is attained, even the most captivating points of differentiation will not persuade consumers.



# CHARACTERISTIC 3: POINTS OF PARITY & DIFFERENTIATION

## Points of Differentiation (POD)

POP are sufficient to enter and compete in the marketplace. However, in order to emerge as a market leader, businesses need to have points of differentiation (POD). If businesses do not establish and maintain POD, there is no reason for rational consumers to choose them over their competitors.

Accurate identification of POD helps the company stand out in the noisy and over-congested marketplace. This is especially important in oligopoly market systems, where there are handful of producers in the market.

## Importance in Monitoring Brand Positioning

Hence, it is crucial to monitor brand positioning. A market player should never act like it is the only one in the game. Hence, brand monitoring includes not only the brand itself but competitors as well. When a firm is updated on competitors' news and actions, they can adjust accordingly to ensure competitive parity or establish other POD to maintain its competitive edge in the market.

Isentia's self-service dashboard, Mediaportal, is capable of delivering news that happen on both news and social platforms, providing live updated analytics that keeps businesses connected via a constantly updated media database.



Source: Isentia Singapore, Mediaportal

# PRO-TIP: TRENDSPOTTING

## Needs Identification & Fulfillment

As mentioned previously, in order to adopt the customer-centric approach, businesses need to identify needs and fulfil those unmet needs. Trendspotting helps to identify attributes desired by consumers, uncovering new business opportunities.

## Points of Differentiation

Trendspotting helps in a business' positioning strategy as well. After identification of needs, businesses need to *communicate* to consumers that they are capable of meeting that particular need that their competitors can't, differentiating itself from the clutter. The value that consumers perceive a product/service to have is highly dependent on what is communicated to them.

## Methods to Spot Trend

There are several methods available to spot trends. Machine learning (n-gram, a sequence of N words) is capable of identifying emerging sources of trends accurately when a high quality dataset is used. Otherwise, tuning into audience conversations using social media data is able to give businesses an idea of where and what the trending buzz is about.



Source: ISENTIA Singapore, Trendspotting Reports



# CONCLUSION

Greater understanding of the common characteristics of market leaders equips companies to better decide which success factor is suitable to be incorporated into the overall company strategy. This is important in order to remain relevant and competitive in the market. With that being said, customer-centric, adaptable, and establishing points of parity and differentiation are just some of the success factors as the overall company success is ultimately dependent on a myriad of factors.





**Thank you.**

To find out how else Isentia can value-add to your brand's marketing and communications strategy, please contact:

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