

Competition in a Positioning Exercise

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SUMMARY

April Dunford discusses the importance of positioning in marketing and sales, emphasizing that companies should focus on current market conditions and competitive alternatives rather than theoretical future competitors. She reflects on her evolving understanding of positioning, particularly the significance of identifying who customers perceive as competitors and the necessity of aligning marketing strategies with real-time insights from sales teams.

- *Positioning should focus on current market conditions and immediate competitors rather than long-term projections.*
- *The first step in a positioning exercise is identifying competitive alternatives, which requires input from sales teams to understand what customers are actually comparing.*
- *Marketers often prefer starting with the problems their product solves, but this can lead to vague or misleading insights.*
- *Understanding the "job to be done" can provide clarity on customer needs and how they perceive alternatives.*
- *Sales teams have firsthand knowledge of competitive dynamics and customer comparisons, making their insights crucial for effective positioning.*
- *Founders and product managers may have outdated or skewed views of competition, necessitating a collaborative approach to gather diverse perspectives.*
- *AI tools like ChatGPT may not accurately identify competitors, as they lack context about specific market dynamics.*
- *Categorizing competitors based on their approaches can simplify the differentiation process and clarify unique value propositions.*

We are not positioning for five years [music] out, 10 years out. We're positioning to get the best possible story that maximizes what we can do in marketing and sales with the product we have right now in the market conditions we have right now. We don't have to position against a ghost that does not live in the minds of customers and doesn't actually cause us any pain [music] right now. We have to worry about who lands on a short list against us right now. Getting this right in the first step of a positioning exercise.

This is everything. Welcome to another edition of the positioning show with me, April Dunford. We're uh doing a special little mini set of episodes focused on the second edition of my book, Obviously Awesome. And specifically what I'm digging into in these episodes are things that I've expanded in the new version of the book. And a lot of these things have changed because I have changed my thinking about those things. And I thought it would be fun on the podcast to sort of dive into a little bit of why did I change my thinking on this? Why did I decide to go back to this particular section of the book and do things differently? So the first couple episodes were focused on things that you would do before you actually start a positioning exercise. So uh the first one was around decisions that you have to make around what exactly are we positioning and who exactly are we

positioning it for. The last episode was around things that you might want to do.

Once you've made those decisions, you can now get a team together. So there's a whole effort around figuring out who the right people are to be on the team and then a bunch of things you want to do with the team to get them prepped for the exercise itself. And so at this point now you're ready to go do the exercise. Now a lot of things when I went back to the first version of the book there were a lot of things in the actual core of how you do each step in the exercise that I didn't think needed updating at all. Like at the time that I had written the book, which is 2019, I had done a lot of positioning workshops already. Like I'm not exactly sure how many, but at least 50. And I had also gotten a lot of feedback on the methodology from founders and teams that, you know, had done training with me or had seen me do talks and had seen me talk about this stuff. So, it wasn't like I was going in in 2019 and writing all this stuff down from scratch. Like, it was fairly well proven out. However, a handful of things I felt like I really got a more nuanced understanding of after I had done a couple hundred more of these things after the book came out in 2019.

and in particular this first step of the exercise which is competitive alternatives that's one that I really changed my thinking about. So in 2019 when I wrote the original version of this book competitive alternatives to me did not seem like a hard step. The hardest part of this step was making sure that people understood the full breadth of competitive alternatives. At least that's what I thought at the time. So, for example, if you just called that step competition and asked people around the room, well, who's our competition? The status quo of what a customer was doing, like doing it with pen and paper or doing it with manual processes, that would never come up on the list as competition.

And so I thought that was that was the kind of main thing that people had to understand is you're not just competing with with things that look just like you. You're also competing with whatever it is the customer is doing today. Since then, I've changed my thinking a lot on competitive alternative. These aren't big changes, but they're just kind of some nuance things that I think are important to think about. And so that's what I want to cover in this episode today.

So the first thing that I think is really interesting is a lot of the companies, this is particularly true I think on the product side and the marketing side, not so much in sales, but the marketers, if you get the marketers together and you say, "Okay, we're going to do this positioning exercise." And step number one, we're going to be looking at competitive alternatives. Like there is often some push back that I get from the marketers.

And the marketers will say, "Well, whoa, whoa, whoa, whoa, hang on. Shouldn't we be starting with the problem that we solve? Now I get where they're coming from on this because you know in the in the early days of me working at tech like a hundred years ago when I started in tech and I was a product marketer um I did a lot of stuff in B2B and so I was working with sales teams and when we you know when we developed a pitch for the sales team we would often start with the problem and think back on it now it was kind of stupid like you know one it was kind of arrogant of us to stand up in front of a customer and say here's your problem buddy.

>> [laughter] >> when you know customers understand their problem more than anybody else. We you know

we generally don't have to tell the customer about their problem. But it's funny like if we were to ask the question what is the problem that this product solves or this set of products solve? That's a kind of difficult question to answer and it's hard to answer for a bunch of reasons. Like one is we don't just solve one problem. we solve all kinds of problems.

The second one is if I go and ask a customer that question in that way like hello customer uh what is the problem that we solve for you. You often get these answers that aren't really answers like like the customers often have a really hard time articulating that. I'll give you one as an example. you know, was selling this database thing early in my career. And if we went and asked people like what's the problem that we solve, they would say, well, is this queries like it's being able to retrieve the data? It was all about data retrieval and the speed of that. So, you know, the reason we picked you is because we can do these queries and get an answer back really fast. That was the problem we solved. So, if we had have started with that and said, "Okay, we're going to do positioning and first we're going to figure out the problem and maybe we'll go ask the customer what that problem is and then we're going to logic out if we didn't exist. Here's what the customer would do instead."

We'd often get to these nonsense answers. So, for example, the customer would say, "I just really want to do fast queries." Oh, okay. Well, then you would say, "Well, we just compete with any other database that does fast queries. But in that case that that wasn't true at all. Like if you looked at who they were comparing us to, they weren't comparing us to databases. They were comparing us to data warehouses. And so it wasn't just that they wanted fast queries. It was all the nuances around why they wanted fast queries. What were they going to do with the result of that query afterwards? Oh, well, they're actually asking a question. So it's an analytic query and and specifically, you know, because what they're, you know, the kind of query they're doing is analysis and they're trying to get an answer related to analysis. Well, that's more of a warehousing thing than a database thing.

But if I just asked the customer, you know, I I would get this kind of vague answer that wouldn't necessarily give me any insight into what the alternative solutions might be or the answer would just be it would just be so vague like you know we got a lot of data so we want to store in a database like what does that tell me? Nothing that's just so obvious. So I often thought if we try to start with the problem like one it was really complicated to to list not just the problem but all the problems that we could potentially solve and how would we even get the definitive list of that customers not very good at telling us that. So we would end up if we actually tried to do this we would end up with our own opinion on what the problem was that we solved which is no use to anybody. It's just our own internal thinking. Like that's a really bad place to start a positioning exercise when we're supposed to be thinking about how does the customer think about us and how do we best position things from a customer's point of view, not our point of view. So I never thought problem was a good place to start. It was just too problematic in so many ways.

Now, when I got digging into this stuff and and often if I'm talking to folks from the product side, they'll say, "Well, wouldn't we want to start with the job to be done?" Which, you know, in my previous example, if we really understood the job better, that would have been way better than talking about the problem, right? Because we'd be talking about outcomes, like what is the progress that the customer is trying to make? that

would get us way closer to something real. And we could, in fact, if we were smart, go in and do jobs interviews with customers and get to that, like what is the what is the progress they're trying to make and then think about, you know, what were the what are the alternative ways that a customer could make that progress. And in fact, a lot of my thinking about positioning when I was first working on this methodology really changed when I got my head around jobs theory. Um, and a lot of this is due to, you know, me knowing this guy Bob Mesa. If you don't know his work, he's been involved with some of the original research with Kraton Christensen and his book *Competing Against Luck*. and I've had him on the show once before, so you could go back and look at that episode. But when I first started thinking about this methodology, this idea of where do we start really vexed me because I couldn't decide what the good starting point was.

So I thought maybe we start with jobs. And so the more I got thinking about jobs theory and how we could potentially start with jobs, I kept coming back to the milkshake story. So, you know, if you understand jobs stuff or you've read Clayton Christensen, you know this famous milkshake story. I'm going to tell it to you really fast. Um, so that people don't get bored. But that the milkshake story goes like this. You know, there's a fast food company and what they want to do is improve the milkshake. So, they want to improve sales of the milkshake.

And so, they decide to do this analysis on who drinks the milkshake and how does that look. And looking at the data, what they found was there's a bunch of weirdos that are buying the milkshake in the drive-thru in the morning like, "Oh my gosh, what is happening here?" And so they they what they decided to do was they had they sent some researchers out and they and they stood around the drive-thru and when the customer came and, you know, bought this milkshake, they knock on the window, NO, HEY BUDDY, WHY YOU BUYING A MILKSHAKE, YOU WEIRDO.

And the person would tell them what's going on. And what they found out was that these people had a long boring commute, but they were going to work and and they were hungry. And so what they wanted was, you know, first something that would fill them up. So, you know, if they just bought a donut, maybe that wasn't enough. Um, but two, they wanted something that wasn't going to make a big mess. So, if I bought a egg sandwich or something, maybe it's going to get crumbs all over my nice suit or whatever. And then three, they wanted something that was kind of boredom relief that would last for a while. So, you know, this is what they learned on this. And so, as a result of that, they changed the milkshake to satisfy those jobs better. So, they made sure that the milkshake was thicker and they sold it in bigger sizes, but still making sure it fit in the cup holder and all that kind of stuff. Now, I had heard the milkshake story before, but when I heard it about, you know, time number 59, I had this little, you know, light go on in my mind and I was like, well, actually, what's interesting about understanding that was you could have, you know, in those interviews asking to people like, you know, why they were buying the milkshake, what the job was, trying to get at that. What you really learned in that research was what the person's frame of reference was for making comparisons. So in that particular situation, the milkshake was not competing with a glass of Coke or whatever or fizzy drink. It was competing with an egg sandwich or a muffin or a donut. If you had understood the comparisons that the customer was making, you would do a better job of being able to position it. So, you know, the aha there was the customers comparing you to other things. And so, if you understood what the customers were comparing you to, then the job was a little bit baked into that. So that got me thinking about, you know, could we, you know, shortcut this a little bit and instead of, you know, looking at the job and then making some assumptions about what the

alternatives would be, maybe we just go to the alternatives and do it that way. Now, if I was a consumer product, that would be very hard to do because I wouldn't know what the customer is actually comparing me to unless I went and asked them. I would have to go and do the research to figure that out. And the same would be true if I had if I was B2B and it was purely product-led like growth. Like if there was no salesperson involved, how would I know what the customer is comparing it to unless I go and ask them? So I would have to go and do this research and say hey like you know if you didn't pick us what would you do or what else did you look at what other things did you consider and a lot of these jobs interviews is doing exactly that I realized that in the companies that I worked with where we had salespeople and in particular it was an enterprise sales process so these sales processes weren't happening in one deal I mean this was a multi-de multi-step process where we had multiple meetings and it would often take months to get a deal done. We knew who the customer was comparing us to because the salesperson would know. So, a good salesperson even on a first call would be doing discovery and trying to figure out well what's your situation today and what have you got today and you know what made you think about making a move to something else which is things that we would ask people in a jobs interview. And then a good salesperson would also be doing this discovery like the who else are you talking to and what else are you looking at? Then particularly in the later stages of the deal, we'd know that. And if we lost the deal, we we generally know who we lose to. If we won the deal, we'd know some flavor of why they picked us and not the other guys. So in my mind, if we were going to do a positioning exercise and we wanted to make this really efficient, if I had salespeople in the room and those people had done a reasonable amount of deals because I've got a product in market and we've been selling it for a while. And if I were to ask those salespeople, well, what's the typical status quo in the account that we're replacing? They would know the answer to that. They might not consider that competition. So if I asked them, hey, who do we compete with? They probably wouldn't list those things. But if I went and said, what's the status quo? They could list those things. And then if I said, who else ends up on a short list, they would know the answer to that. So it seemed to me that that was an efficient place for us to start. And so that's why we start with uh competitive alternatives. Now the key part of this is that it's not your perspective as a vendor of who the competitive alternatives are. It's who does a customer consider to be the competitive alternatives.

It's very important if we think about this the team because we have a cross functional team there. this team will naturally think about competitive alternatives in different ways and that's natural. You should expect that. So if you're going into a positioning exercise and you ask the question, if we didn't exist, what would a customer do?

You are likely going to get some wild answers and and different parts of the team are not going to agree with each other. in particular, uh, product management doesn't think about competitors the same way sales does. So, if I go in and I say, "Hey, sales team, who do we compete with?" They will only give me these short list competitors. They will never say status quo. I have to ask for that. So, what what are people coming off of?

Because they don't consider that competition. In fact, if a salesperson loses to status quo, they don't consider that a loss. That's just a not now. they they will literally mark that in your CRM as no decision, right? Because as far as a salesperson is concerned, we're going to get them next year or the year after whatever. A good salesperson doesn't see that as a no. They're like they see that as a not now. So that's the first thing. If I go to sales, I got to say, what's the status quo? And then I say, what is on the short list? Now, if I go to product management, product management lives in the future. Product management is thinking about the road map. They're thinking

about the next release and the release after that. And often what we've got is a roadmap that takes us potentially into different markets or helps us serve different kinds of customers or helps us deliver different value than we deliver today.

So part of product management's job is to think about not just who the competitors are now, they got to think about who's on the horizon. So when we get that released two years from now, who do we have to beat when we get there? So if I go to the product management team and I say if we didn't exist what a c what would a customer do? They're actually tracking a way longer list of competitors than the sales team would call competitors. Now do we have to worry about all those is the question.

And the answer is for positioning work we do not. And this is why the positioning particularly for a B2B tech company is not something we carve into the rocks and that's it. We're stuck with it forever. Like this is where B2B is really different from consumer. You know, if I was launching toothpaste [laughter] and two years from now, I wanted to get in a different market or do something different with toothpaste. I wouldn't take the same toothpaste I have and reposition it. I would launch a whole new toothpaste to go after that new market and I might take the old one off the market. In tech, that's not how this works. B2B tech, we got a thing and we are building towards this vision of what we're going to be in the future. But the thing we have right now ain't that. So if you look at products that have been around forever, you know, if you rolled it back to what the original product was and the original market they served, it was positioned in a completely different way. your product is the same. So when I am talking to product management team and we're doing positioning work, we are not positioning for five years out, 10 years out. We're positioning to get the best possible story that maximizes what we can do in marketing and sales with the product we have right now in the market conditions we have right now.

because we're lousy at predicting the future and in the future the positioning is probably going to be completely different. Now, we might want to include, you know, if we've got a new release coming out and we know for sure it's going to happen and it takes us eight months to close a deal, but this new release is coming out in six months, we we might want to consider what's happening with that new release. But anything beyond that, you know, once we get that release out there and we're selling it, then we can checkpoint on the positioning and if things have changed, we're going to adjust for it then. But in terms of positioning, we don't have to position against a ghost that does not live in the minds of customers and doesn't actually cause us any pain right now. So competitor does not end up on the short list. We don't have to worry about them.

So, you need to know this going into positioning exercise that your product management team is going to come and they're going to list a whole bunch of competitors and they're going to say, "Well, these guys can do that and these guys can do that and I don't know once we have release number 4.8.9. We're going to have to worry about these folks and these folks and these folks." And the reality is we don't. We don't. We have to worry about who lands on a short list against us right now. Getting this right in the first step of a positioning exercise, I can't stress this enough.

This is everything. Like getting that agreement on who's actually causing us pain right now is so important

because the longer that list of competitors gets and and if we start adding a list of like theoretical competitors, man, we just can't position against everybody like that. So what we really want to think about is who's causing us pain, a lot of pain. And yeah, there might be, oh, we lost one deal in the last year to some weird little company for some weird bunch of reasons. You know what? I don't think they count.

So, what we really want to look at, who's causing us pain right now that we really have to position against and we want to bait that into our positioning because we need to position against them on lots of deals, maybe every deal. And so we want to get to that list of competitors. So, so this is a thing to watch for. Here's the other thing I'll throw out there. So sales thinks about competitors one way. Product team thinks about competitors a different way. Marketing, you know, the funny thing about marketing is they're always really worried about competitors that are spending a lot of money on marketing because they see them everywhere. And so you got to watch out for that one a little bit too that the marketing team will say, "Oh my gosh, we see these folks everywhere." Again, check in with sales. Is that actually turning into them getting in on our short list deals? If not, don't worry about them. But the other one you got to watch out for is the founder. So, if the founder is still around, but the company's been around for a while, sometimes what you'll get is the founder has a bit of a skewed idea about who the actual competition is. And usually it's because the founder was very hands-on in a lot of deals, maybe all the deals in the early days of the company, but maybe now the company's been around for 10 years and it's been a while since the founder really got involved in deals.

And the founder is, you know, maybe spending more time doing fundraising than they are working on deals. Or maybe the founder only gets involved in these really, really large deals, but the majority of deals they don't get involved in. They may have kind of a skewed idea of who's an important competitor and who isn't. So it is important again if we're doing this exercise to get that out on the table and to have the founder hear the opinions of bag-carrying sales reps that are closing a lot of deals all the time so that they understand like maybe that only applies to a subset of the market or maybe that was true two years ago but it's not necessarily true now and we got to update our thinking about who's really in the competitive set and who isn't. Here's another thing, and this is more recent, I would say. In the last couple of years, AI is really bad at figuring out who your competitors are.

So, everybody likes to use AI for these things, but we need to be careful on what you know what ChatGPT knows and what ChatGPT does not know. We need to be careful. So asking ChatGPT who competes with us is a really dumb thing to do. What you will get the answer what that you will get is a list of companies that should compete with you because it's based on what it reads on the internet and much in the same way that your product team will say well these companies do what we do and these companies look like us. But then sales comes and says, "I don't know, man. We never see them in a deal." You'll get the exact same thing from AI. So, be very careful on this. Like, you know, we're tech people, so we tend to put a lot of a lot of faith into answers that we get from AI. And I think we tend to um overestimate what is possible to do with AI in some places. But you do not want to take AI's word for it. ChatGPT doesn't know who you compete with.

Really the people who really understand who a customer compares you to is the sales team and customers. Everybody else their opinion doesn't matter and that includes ChatGPT. Here's the other thing at this step. It's

really important and I think a good practice that once we have the list of competitors to think about the competitors in terms of approaches. It's just a good practice to lean back and say there's these three competitors over here, but they actually compared to the way we approach the problem, they all approach the problem in a similar way. So we can put them in a bucket. So often we will have things like you know these guys interpret data this way, these folks interpret data this way, we do something different or you know these folks are legacy and their architecture looks like this.

these folks are newer and their architecture looks like this. Being able to think about these competitors in terms of categories of approaches to the problem is going to make your life a lot easier when you get to thinking about the value you can deliver that other folks can't because what we're what we're actually doing is not competing with individual companies at that point. And again, it makes it easier for us to back up and say, you know what, our differentiators here are differentiating against everybody in this particular category or everyone in this category or everyone has this kind of approach. I think that makes it a lot easier when you get to the next step, which is what have we got that the other folks don't have. Generally these differentiated capabilities you can map them to the the categories of alternative approaches and say yeah that's true for everybody on this list not just that one company everybody on this list we have that differentiator.

Anyways that's it. That's all I got for this one. Again this is the little miniseries where I'm talking about obviously awesome the second edition um of my book on positioning which is coming in February 2026. I'm so excited for it. Next episode I'm going to dive into, you know, the next component piece. If you look at the at the positioning methodology is differentiated capabilities. I haven't changed my mind about that one too much. I think that chapter stays more or less the same. The step after that though, when we talk about differentiated value, man, I think that is the cornerstone of good positioning. And I think if there's a step that's worth spending some time on and digging deeper in, it's that one.

When I went back and looked at the first version of the book, I laughed at how lacking that chapter was. Like I I'm not sure what I was thinking when I made that chapter so short and the feedback I got from people that were using the book to go through a positioning exercise on their own without me. If there was a spot they got stuck, it was differentiated value. This is by far the hardest step and also the most important step to get right. So, I'm going to talk about how the new book approaches that in a different way than the old book.

And hopefully that's helpful for folks that are following along um with the new methodology that's outlined in the second edition. Thanks so much for listening and I'll see you guys next time.