

Market Analysis

Sun Tzu's initial chapter is most commonly entitled "Planning," but his idea of planning was not how we think of it today. Today, we think of planning as putting together a list of tasks that we intend to perform. Sun Tzu's "planning" doesn't involve developing any plan of action. Instead, it was an objective analysis of the market situation before we ever consider planning specific actions.

Before going into any competitive situation, Sun Tzu wants us to look at the overall market and understand what factors will determine our success or failure. In Sun Tzu's method, this is the first vital step in avoiding failure and discovering success.

Market analysis begins with weighing Sun Tzu's five key factors. In this chapter, we start with a definition of these factors. Entire chapters are dedicated to most of them later in the book. Here, we are just exposed to the idea of comparing our strengths in these areas to the competition.

Next, the chapter discusses the ways in which we control a market's perception. Our actions, our words, and the words and actions of our competitors create our image in the marketplace. Sun Tzu shows us how we must take control of that process.

In the end, market analysis comes down to an act of discovery. We must find the situations in which our market success is certain.

Question One:

What role does marketing play in a company?

- A. It is the most important function in a company.**
- B. It is the most central function of a company.**
- C. It is the most costly function in a company.**
- D. It is the most misunderstood function in a company.**

This is marketing.

It is the central function of your company.

From The Art of Marketing

Answer:

- B. It is the most central function of a company.

Marketing is unique because of its central role in a company. It ties together product design, manufacturing, and sales. It also connects the internal operation of the company to the larger external marketplace, positioning the company against its competition.

Marketing is not the most important function in the company. Sun Tzu would almost certainly pick sales for that honor. Marketing is very like war and critical to business competition, but sales *is* war.

Whether marketing is expensive or misunderstood largely depends on the people involved. Marketing needs not be expensive. It also can be easily understood as a competitive contest.

Marketing includes many related functions. Marketing starts with product development, helping development create products that customers want. Marketing plays a similar “middleman” role for sales. It must provide leads for sales. It should provide sales materials, product and market awareness. Marketing should also provide marketing intelligence for the whole company.

The connection between all these roles is the connection with the competition. In every role, marketing must guide the company to position itself against the competition.

Question Two:

Why should you personally want to develop marketing skills?

- A. Because you enjoy marketing.**
- B. Because you want to get better known.**
- C. Because you want to survive.**
- D. Because you want better understanding.**

It is the foundation of fortunes and distress.
Its logic leads to creation and destruction.
You must know how it works.

From The Art of Marketing

Answer:

- C. Because you want to survive.

Here Sun Tzu puts the nature of competition into its true framework. Marketing, like all competitive skills, is a battle for survival. Your personal marketing determines what job you hold and what company you work for. Marketing for your company determines whether or not it can survive against the competition. In modern society, business, politics, charity, and even the military depend upon marketing for their continued support.

In human society, we depend heavily on communication. Since prehistoric times, we have depended upon our ability to communicate for survival. Communication is the key to human organization. Marketing is the modern extension of this basic skill in communication. Using it, we learn about what is needed in the society, and let potential customers know about our products and services. This communication determines which organizations find a place in society and which do not.

Surviving and making a fortune are not different things. Survival and destruction are the two opposite outcomes of competition. Wealth and poverty are different degrees of that successful survival. According to Sun Tzu, if we can survive, we can also prosper. Marketing, like sales and management, is a survival art.

Question Three:

How many factors determine your success in marketing?

- A. There is only one primary skill you need to master.**
- B. There are five factors that determine your success.**
- C. There are dozens or hundreds of different factors that determine success.**
- D. Every situation is different in what factors determine success.**

Five factors decide your ability in markets.
Weight these factors in your market analysis.
You must know:

1. Your marketing philosophy,
2. Your visibility,
3. Your segment,
4. Your capabilities,
5. And the marketing process.

From The Art of Marketing

Answer:

- B. Five factors determine success.

In teaching us how to analyze our market situation, Sun Tzu initially keeps it simple. Only five factors determine the eventual outcome of market competition. The first part of performing market analysis is weighing each of these factors.

All of these factors are important. We have to question each of these factors in order to analyze our market situation. In a given market, one of these factors may be more important than all the rest, but together all of these five factors determine our success or failure in market competition.

When we judge our market situation, we don't have to analyze hundreds of issues. People often fail to do the proper analysis because they think that it is too complex. Successful analysis depends on only a handful of relevant factors. This analysis is so simply that we can perform it continuously.

Question Four:

What is the best marketing philosophy?

- A. To get to be well known.**
- B. To become superior to the competition.**
- C. To give your company a mission.**
- D. To identify your target market.**

Marketing begins with a philosophy.

When you go to market, you must identify your company's mission.

It must guide you for the long term.

It must give you a reason to exist.

With a mission, you can overcome obstacles and confusion.

From The Art of Marketing

Answer:

- C. To give your company a mission.

In the original text, Sun Tzu describes the proper philosophy as “a shared, higher goal” that brings people together. This is a great definition for the marketing mission of a company. Our market mission must give meaning to the organization and the campaign.

Sun Tzu realized we find our success through our interactions with other people. Especially in marketing, we need other people can make us successful. They will support us only if we satisfy their needs. The most important of those all those needs is the need for a higher purpose. We all want our lives to mean something. In business, it is our duty to help people see the true value in what we do for them.

At Clearbridge, for example, our mission is to bring the wisdom of *The Art of War* to the modern business world. By helping everyone become better competitors, we can make the world more productive and enrich everyone's lives. We sell books to do this, but the books are just the start. A bigger part of our strategy is to use the books as a key to our lessons on the Internet. The words are in our books, but understanding them requires more work.

Question Five:

What is the most important thing about market visibility?

- A. You must know how to get free publicity**
- B. The more visibility you can get the better.**
- C. To much visibility will work against you.**
- D. Your visibility must change over time.**

Next is your market visibility.
You can be well known or hidden.
You can be popular or overlooked.
Your visibility changes over time.

From The Art of Marketing

Answer:

- D. Your visibility must change over time.

In Sun Tzu's teaching, this key factor was the "weather." It describes any natural condition that changes, but that we cannot completely control. No matter how hard you work at advertising and promotion, you don't truly control it. It is largely controlled by the trends of the time.

This isn't a bad thing. Mystery is as important in creating desire as popularity. The problem with broad popularity is that it only lasts a short time before we are yesterday's fad. If the primary goal is survival, we cannot tie ourselves to short-term strategies. We must be prepared to use both sides of visibility. We must know how to be well known, and we must know how to stay hidden.

The secret here is to be aware of these trends of the time. We must always realize that they change. Sometimes, we can use those trends. Other times, we must seek shelter from them. We can't fight them. We can only adjust to them.

The biggest mistake is assuming that the current "weather," or current visibility, will always stay the same. The most important thing about the seasons is that they change.

Question Six:

How does your selection of a target market affect your chances for success?

- A. Good marketing finds success in any type segment.**
- B. The larger your target, the more successful you can be.**
- C. You can't always choose your target market.**
- D. Success requires choosing the right market.**

Next is your target segment.

It can be spread out or be close by.

It can be diverse or specialized.

It can be wide open or just a niche.

Choosing the right market determines success or failure.

From *The Art of Marketing*

Answer:

- D. Success requires choosing the right market.

One of the amazing things about *The Art of War* is how brilliantly its lessons create useful analogies. Here, Master Sun is talking literally about the land, but interpreting his words for marketing, he is clearly talking about the part of the market that we target.

Like geographical terrain, a target market *is* a place. In a small sense, it is the mind of the customer. In a large sense, it is the awareness of the market as a whole. Different markets have different shapes, sizes, and characteristics.

Picking the right size and shape of market is one of the central challenges of marketing. *The Art of Marketing* like *The Art of War* spends several chapters discussing how we recognize and utilize good markets, that is, good terrain. There are many problem markets that we must avoid. There are good markets that are easily overlooked.

There are advantages and disadvantages to every type of market. The most costly mistake is to think that all markets are the same.

Question Seven:

What characteristics does real ability in market leadership require?

- A. You must be quick, forceful, persuasive, forthright, and flexible.**
- B. You must be loyal, thrifty, brave, clean, and reverent.**
- C. You must be unswerving, dedicated, single-minded, focused, and commanding.**
- D. You must be smart, honest, caring, brave, and disciplined.**

Next is your marketing ability.

You must be clever, honest, caring, brave, and disciplined.

From The Art of Marketing

Answer:

- D. You must be smart, honest, caring, brave, and disciplined.

First, we have to be intelligent. We must appreciate the value of knowledge and analysis. If we aren't bright and creative, we cannot compete for markets.

Next, we must be honest. If we are not honest, markets will never trust us and we cannot succeed long-term.

Next, we must be caring. We must care about people and their needs. If we are insensitive to others' needs and feelings, markets will not support us.

Next, we must be brave. If we aren't courageous, we will never take the risks necessary to be successful. Marketing requires taking risks. We must be willing to fail repeatedly and yet keep going.

Finally, we must be disciplined and strict. We must pay attention to the details. A single misspelling can destroy an entire advertisement.

We must insist on the right character, not only for ourselves, but from the people with whom we work.

Question Eight:

What is important about the marketing processes that you choose to us?

- A. You must consistently use the same processes to get the same results.**
- B. You must let the situation determine the right methods to use.**
- C. You must let your marketing philosophy dictate the your marketing processes.**
- D. You should always look for shortcuts to speed the marketing process.**

Finally, you must have a solid marketing process.
Your organization and channels determine your process.
It also arises from your marketing philosophy.
You must master using a process.

From The Art of Marketing

Answer:

- C. You must let your marketing philosophy dictate the your marketing processes.

The marketing methods that we use must be consistent with our marketing philosophy, that is, the vision or mission that defines the organization to the world. Remember what Sun Tzu said about giving people a “shared, higher purpose?” Once we define that purpose, we have to be true to it. We cannot use promotion methods or advertising that are inconsistent with our basic philosophy. People simply won’t accept them or us.

For marketing, this vision encompasses our distribution channels. Our distributors, resellers, and even customers should be considered partners in our mission. Our marketing vision must be large enough to give meaning to the roles they play as well.

Over time, we develop better and better marketing techniques and procedures, but our marketing philosophy must guide all of the choices that we make.

Question Nine:

How do you use these five factors in create a successful marketing effort?

- A. You will be successful if you pay attention to all of them.**
- B. You will be successful if you understand some of them.**
- C. You will be successful if you master one of them.**
- D. You will be successful when you learn which to ignore.**

All five of these factors are critical.
You must continuously be aware of them.
Your success requires understanding them.
Overlooking anything leads to failure.

From The Art of Marketing

Answer:

- A. You will be successful if you pay attention to all of them.

All of these factors are critical. We must select the right marketing vision. We must leverage our changing visibility. We must pick the right target market segments. We must have the right character to market successfully. We must use effective marketing methods, consistent with our mission.

If we forget any of these elements, we cannot consistently win in a competitive marketplace. Any of these areas can become a stumbling block, preventing our success. A weak market vision, poor visibility, the wrong segment, a flawed character, or ineffective methods all lead to failure.

Successful marketing is a balancing act. Good character is, of course, always important, but we must balance the time we spend on mission, visibility, segment selection, and process. All of these areas require our time and attention if we are going to be successful. A mission without a process is useless. Visibility without a segment is meaningless. Successful marketing competition demands strength in all of these areas.

Question Ten:

What is the purpose of planning or market analysis as it is defined by Sun Tzu?

- A. It is a process by which you educate yourself.**
- B. It is a process by which you determine the right actions.**
- C. It is a process by which you identify the wrong actions.**
- D. It is a process by which you assure your success.**

Market analysis reveals what is important to customers. You need to research many issues.

From The Art of Marketing

Answer:

- A. It is a process by which you educate yourself.

We tend to think of analysis as the process by which we create a list of our to-do items. This is not the process that Sun Tzu describes here. What he wants us to do is to first study our marketing situation. This is only the first chapter of his work, the beginning of our process of market competition. His five factors are points of basic market analysis.

Why do most companies fail to build a market presence? Because they assume that they understand their market and what they need to do. Sun Tzu has no faith in assumptions. We cannot afford the mistakes that naturally flow from making assumptions about our markets and our position. No matter what we think we know, the first step is questioning our market, researching our position.

Sun Tzu's methods are based on understanding our specific market situation here and now. All markets are unique. All companies hold unique positions in them. Visibility and segment, two of the key factors, are different for every company. We cannot make the proper choices unless we understand our visibility and segment. Our market situation affects everything. We have to learn how our situation works within the context of our market vision.

Question Eleven:

When you question your market situation, where do you look for relevant information?

- A. You question what differs from past market situations.**
- B. You question how you compare to the market competition.**
- C. You question what is new and unfamiliar.**
- D. You question your philosophy, leadership, and methods.**

You must know:

Do you have a workable marketing philosophy?

Does your organization know its segment?

Do you know where and how to contact customers?

Which marketing message will get their attention?

Which issues are important to buyers?

Are your distribution channels properly trained?

What promotions and incentives make sense?

From The Art of Marketing

Answer:

- B. You question how you compare to the market competition.

Sun Tzu was totally focused on the competition. Market analysis using his system is competitive analysis. Earlier we said that you have to be strong in all five key areas, but “strong” is always a relative term. We are strong only if our market competition is relatively weak. We must question our relative strength in each key area. In some areas, we may be stronger. In any given area, our competition may have the advantage.

Notices that Sun Tzu doesn't mention the competition as one of his key factors to success. This is because our market competition is the standard against which we are always measured.

Comparing our strengths against the market competition puts our position into perspective. Anything can be improved, but resources are always limited. In the marketplace, people can only choose between real alternatives. We only have to be as good as or better than the competition.

Question Twelve:

Can you predict which markets you will win and which you will lose?

- A. You must accept that you can't always predict outcomes.**
- B. You can know certain market wins, but not all losses.**
- C. You can know certain market losses, but not all wins.**
- D. Yes, you can predict both your market wins and losses.**

This tells which customers you can and cannot sell.
You must continually do this market analysis.
If you use it, you will be successful.
Keep at it.
Too many marketing people forget analysis.
If you don't keep it up, you will fail.
The market will reject you.

From The Art of Marketing

Answer:

- D. Yes, you can predict your market wins and losses.

Sun Tzu teaches that if we ask the right questions and objectively perform the right market analysis, we can know when we will succeed and when we will fail. The heart of Sun Tzu's teaching is making the right choices. Since we compare ourselves against the competition in a specific market, marketing analysis tells us where we should be targeting our energies.

The problem is that most marketing people fail to ask the right questions and fail to evaluate the answers objectively. In general, we tend to be overly optimistic at the beginning of every marketing campaign and overly negative when success doesn't come easily.

Sun Tzu teaches that we make the right decision and then we work to make our decisions prove correct. I can predict with certainty that there will be a page after this one because I intend to write it. We can predict which marketing battles we will win for the same reason: we know how to win them. We don't undertake marketing battles that our marketing analysis tells us that we can't win.

Question Twelve:

What is the most important communication skill that a marketing manager must master?

- A. Advertising.**
- B. Persuading.**
- C. Public Relations.**
- D. Listening.**

**Analysis forces you to listen to your customers.
Analysis gathers information.
It makes it possible to beat your competition.
Analysis is power.
Analysis exploits your strengths to win dominance.**

From The Art of Marketing

Answer:

- D. Listening.**

Listening is the heart of marketing analysis. Performing analysis is important simply because it forces you to listen. In other words, it forces you to ask questions and do research. Without this active listening, we don't really know our true market situation. Without this active listening, we can never understand any market segment or our potential within it.

All the other benefits of market analysis flow from the fact that it first forces us to listen. If we pay attention to our research, we can identify what markets will reward us. We can identify the market areas where we can easily beat the competition. This is what makes marketing analysis powerful. It is the only thing that gives us relative strength over the competition.

The best marketing organizations are good listeners. Advertising, public relations, and other forms of persuasion are a waste of time and money if we don't first understand our market situation. Solid information is difficult to obtain. It takes time and work. This analysis may not be as productive or interesting as putting together an ad or promotion, but it is more rewarding.

Question thirteen:

If you were to describe marketing as one thing, how would you describe it?

- A. Creating understanding.**
- B. Controlling perceptions.**
- C. Outperforming the competition.**
- D. Discovering opportunity.**

Marketing is focus.

You must control the market's perceptions.

From The Art of Marketing

Answer:

- B. Controlling perceptions.

In the original, Sun Tzu's statement is even more direct. He calls war "a philosophy of deception." Without studying the text, this type of statement is easily misinterpreted. Sun Tzu said earlier that the right philosophy was giving people a higher, shared purpose. Now he *seems* to be saying that we must deceive people. The reality is that he is talking about how important it is to control people's perceptions. No matter how pure our intentions, we cannot leave the formation of market perceptions to chance.

This statement is closely connected to what Master Sun has just said about listening. We should listen. We should also expect that the market *is also* listening. Since they are listening, we don't their impressions to be formed by our shortcomings, limitations and imperfection. We have to control our market image.

The Art of War is unique because it assumes a dynamic competitive environment. We adjust to our market, but we must expect that our market and market competition will adjust to us. The dynamic nature of marketing makes our ability to control our image very important. We can't let our competitors create our market image and position. The secret of successful marketing is to reposition the competition and not let them define us.

Question Fifteen:

How do you portray yourself to markets where the competition may learn about you?

- A. You should give out as little information as possible.**
- B. You should be honest but careful about what you say.**
- C. You should portray your situation as the opposite of what it actually is.**
- D. You should always be assured and confident.**

Where you are strong, you must pretend weakness.
Where you focus, you must pretend indifference.
When similar to the competition, emphasize differences.
When you are different, you must appear similar.

From The Art of Marketing

Answer:

- C. You should portray your situation as the opposite of what it actually is.

The first goal is to mislead the market competition. We don't want them to know anything about us that they can use against us in some way. We especially don't want them to understand our true market focus.

It is surprisingly easy to act in one way and talk in another. Our market image is a combination of these two sets of information. We should act based on our target market focus, but we should never talk about it. In the ways that we are similar to the competition, we want to highlight our differences. On the other hand, we don't want to appear too different because that can be threatening. Where we are very different from other alternatives, we must therefore talk about how minor those differences really are.

If we are truly strong in a specific area, people will see it. We don't need to talk about it. When it comes to our market strengths, the "strong, silent types" are more impressive and appealing than the braggarts. Plus, we have the added advantage of misleading our competitors.

Question Eighteen:

How should you react to your competition's strengths and weaknesses?

- A. You should leverage them for your advantage.**
- B. You should ignore your competition and focus on markets.**
- C. You should broadcast their weaknesses to the market.**
- D. You should show that you respect their strengths.**

Where competition is strong, entice customers away.
Where competition is confused, offer customers leadership.
Where competition is successful, learn from them.
When competition is entrenched, avoid them.
If your competition is easy to provoke, frustrate them.
If your competition is weak, inflate their threat.
If your competition is easygoing, challenge them to work.
If your competition is united, divide their alliances.
Attack a market when the competition doesn't expect it.
Abandon markets when competition concentrates on them.

From The Art of Marketing

Answer:

- A. You should leverage them for your advantage.

Sun Tzu's advice on dealing with our competitors' characteristics is very detailed. In some situations, we must avoid them. Other times, we should attack them. Even where they are strong, we can entice customers away with offers of free incentives. Just how we react depends totally on our opponent's condition. In every case, we use their situation to dictate our behavior towards them. No matter what their market position, we can weaken it, and we can keep them off-balance, not knowing what to expect from us.

Don't miss the larger context here. We are in the middle of a discussion about controlling market perceptions. How we react to our competition also defines our image to our marketplace. It is difficult for most organizations to maintain their market focus. It is especially difficult if we are clever about how we attack that focus.

Question Nineteen:

How do you create a market where you can successfully beat the competition?

- A. You build your markets slowly avoiding competitive notice.**
- B. You develop a plan that builds a market step-by-step.**
- C. You don't create a market instead you discover niches.**
- D. You lay traps for your opponent and wait for them to fall.**

You must find market niches where you can win.
Never pass them by.

From The Art of Marketing

Answer:

- C. You don't create a market instead you discover niches.

We are not playing with words here. People like to talk about creating markets and building markets, but they are fooling themselves. We don't create markets. The needs and desires of markets and market niches are always there. We can only discover them. The difference is between creating and discovering is vital.

Discovering opportunities is a central theme of Sun Tzu' work. We can't create a winning situation. We don't control our potential customers. We don't control our competitors. No amount of advertising or promotion can create a market unless it is there awaiting discovery. We can guess about markets, but we are frequently wrong. We have to be patient. Eventually, we will discover small, niches where we can beat the competition.

Marketing like all competition is an art of discovery. The art is recognizing a winning market where all the key factors line up in our favor. We cannot discover markets if we are busy trying to create them. This is why analysis requires listening.

As the chapters of *The Art of Marketing* unfold, Master Sun teaches us how to recognize a winning market when we see it. The right way to describe this marketing philosophy is "opportunistic."

Question Twenty:

How do you identify a market niche where you are certain to succeed?

- A. You have the resources and the knowledge to win it.**
- B. Your opponent is thoroughly confused about the market.**
- C. You can see that you can dominate that segment.**
- D. Your opponent is at a disadvantage in several key ways.**

Before entering a market, you must know that you can dominate it.

You must be strong in that particular segment.

Before wasting your resources, you must avoid segments that you cannot dominate.

You don't have enough strength to attack every market.

Dominating segments brings you success.

Struggling in markets brings only failure.

How can you dominate a market without analysis?

You must see where you are by surveying the market.

You can foresee winning the market or losing it by analysis.

From The Art of Marketing

Answer:

- C. You can see that you can dominate that segment.

We must look for segments that we can dominate. Only when we know that we can dominate a market segment should we go after it. Our goal must never to be number two or three in a market. Our goal must always be to lead the market. Only market leaders generate the profits necessary to find success.

Most marketing people make the mistake of selling too broadly; fighting against the competition in markets that no one will ever dominate. The whole point of performing market analysis is to help us identify the segments and situations in which we are certain to dominate. We can and must foresee our ability to win in a segment, not just compete for it.

Of course, this isn't easy to do. We have a lot to learn.