

MOMENTUM

How Companies Become Unstoppable Market Forces

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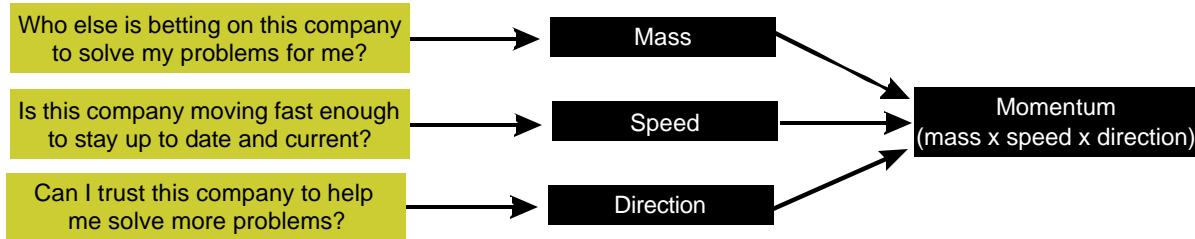
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MAIN IDEA

In the marketplace for digital products, consumers make buying decisions based on the viability of the company offering the products or services. They don't want to buy products that cannot be upgraded in the future, or services that won't be able to be extended as new technologies become available. Therefore, customers automatically buy from whichever company they assess has the best chance of dominating the market. Or, put another way, consumers buy from companies that have "momentum" in the marketplace.

A company has momentum when it can provide the answers to three key questions wrapped in a compelling value proposition:



To study momentum in more detail, an intensive analysis was carried out of more than 20,000 consumer and corporate buyers who make large purchase decisions. As a result of this study, six key forces of digital differentiation which generate momentum were identified and weighted as to their relative importance. These six forces, ranked by their respective weightings are:

1. Relevance of the company's value proposition – Mass – 28%
2. Ecosystem potential – Mass – 20%
3. Category leadership – Mass – 18%
4. Brand integrity – Direction – 17%
5. Management vision – Direction – 9%
6. Market agility – Speed – 8%

The central challenge for business leaders today, quite simply, is to build and sustain momentum. Whoever does that the best will not only achieve industry dominance, they will also add millions or even billions to their own company's market capitalization. Companies with momentum will dominate their marketplaces indefinitely, making it almost impossible for another company to come in and access their customers. Momentum is the ultimate competitive advantage for digital markets.

Analysis – The Emergence of Momentum as a Key Business Driver Page 2

Momentum has only become an important business issue since the late 1990s when digital products and services have begun to be offered in greater numbers. Prior to that time, products were differentiated by what they did. Since then, however, digital products and services are differentiated by what people do with them. That fact, combined with the unique characteristics of digital product offerings, has increased the importance of momentum for businesses.

Component #1 – Mass Pages 3 - 4

Mass is defined as "the ability to create value in the marketplace – for customers, partners, suppliers, employees and investors". Products or services which have mass usually have a small ecosystem which surrounds them and forms the basis for many others to create more added value.

In order to build mass, companies must manage three forces of differentiation:

1. The relevance of their value proposition to customers.
2. Their ability to help other companies make money.
3. The dominance of their position in their own industry.

Component #2 – Speed Pages 5 - 6

Speed is defined as "the ability to consistently manage market disruptions, transitions and inflection points to gain a competitive advantage". Companies which have speed execute quickly enough to respond rapidly to changes in market conditions which are beyond their own control.

In order to build and enhance their speed, companies must manage one factor: their market agility.

Components #3 – Direction Pages 7 - 8

Direction is defined as "a company's ability to anticipate and execute on the emerging market opportunities which arise as technology reaches various markets". Many technology companies are closely aligned with the public personas of their CEOs who are relied upon to help make sense of new technology and its impact on solving the customer's problems.

In order to build direction, companies have to manage two key factors:

1. Brand integrity – whether the company practices what it preaches.
2. Management vision – having credible business leaders with industry foresight.

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