

# *Working Smarter with* **Product Positioning Matrix Diagrams**

## *What you'll learn:*

**1.** *Why use a product positioning matrix diagram*

**2.** *How to create a product positioning matrix diagram*

**3.** *How to use product positioning matrix diagrams to identify new opportunities*

“Positioning” is a common marketing buzzword. It means “how is your product positioned compared with the competition?” There can be no positioning without something else to position against.

In this article, we'll cover the way to create a Product Positioning matrix diagram to help you visualize your products in the market place, relative to competitive products, customer needs and even the other products in your product line.

## **1. *Why use a Product Positioning Matrix***

Positioning refers to how you want your customers to perceive your product within the context of the overall market, their other product options and themselves. Your ultimate goal is to identify positions in the market that represent unmet need. If your product fills those needs better than any other product, you will be naturally differentiated from the competition.

Positioning maps help you visualize your products in the market place, relative to competitive products, customer needs and even the other products in your product line. You can use positioning maps to define an overall product strategy before creating a product, or to craft the unique value proposition and messaging for existing products.

## **2. *How to create a Product Positioning Matrix Diagram***

Usually, two dimensions are used. First you have to choose the factors to plot on each axis. The process of thinking about potential factors is useful in and of itself and helps you better understand

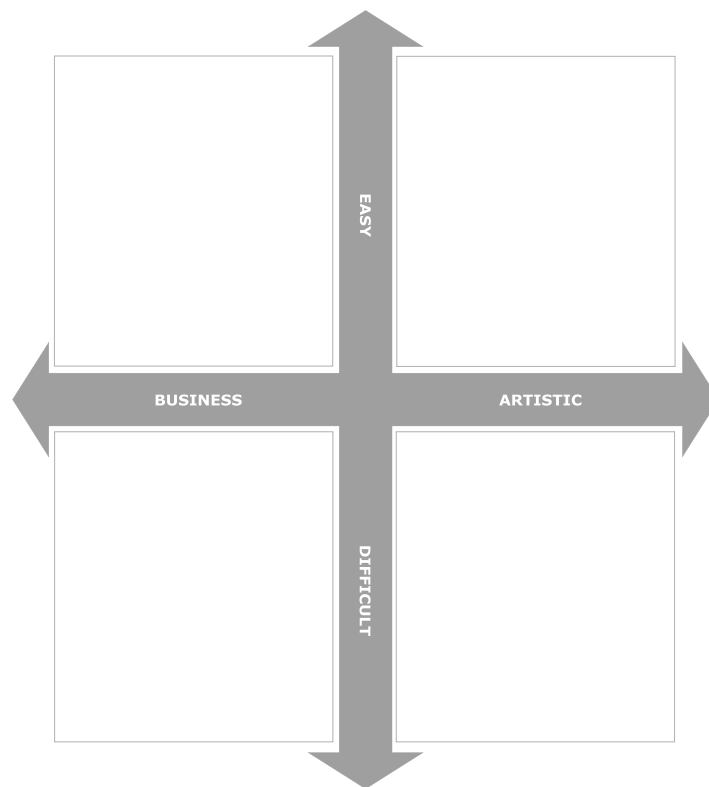
all the dimensions at play in the market. These factors represent tradeoffs relevant to the purchase of the products in the market. The far ends of each axis represent opposite extremes along a factor.

If you already have a product, and you are trying to understand your unique position, you can choose the axes so that your product exists on its own in one of them. Let's use SmartDraw as an example.

We want to see SmartDraw's unique position in the graphics software space.

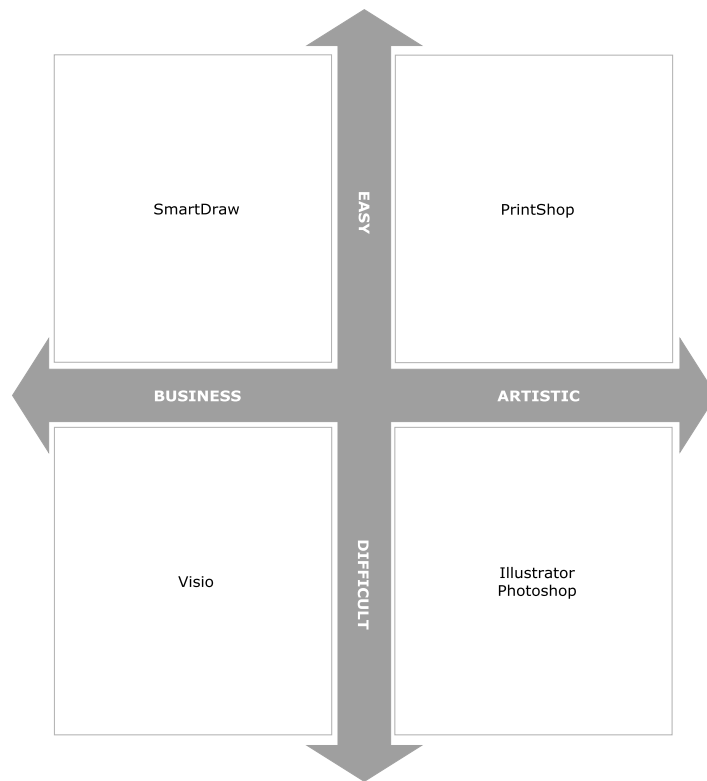
We start with the idea that graphics software applications are used to create business graphics and artistic graphics. Also, applications are designed for frequent, expert users like graphics artists or for non-expert users.

We express this with the two axes as follows.



Next we add the existing competitors to their quadrants.

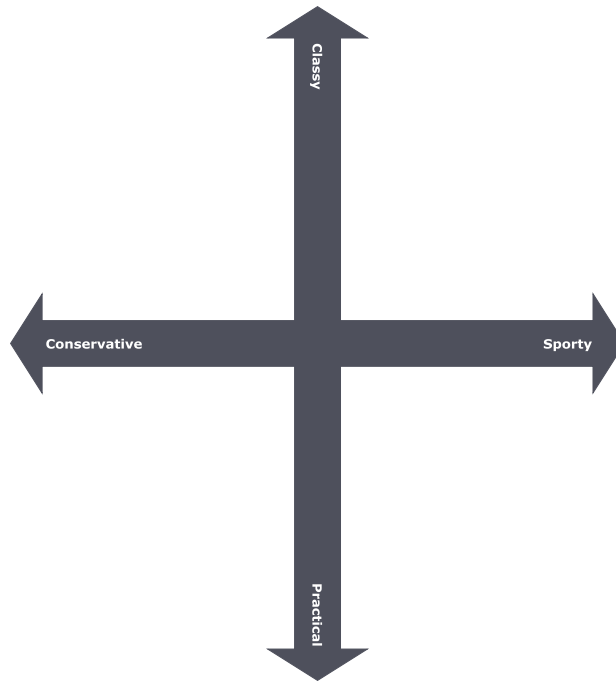
## GRAPHICS SOFTWARE



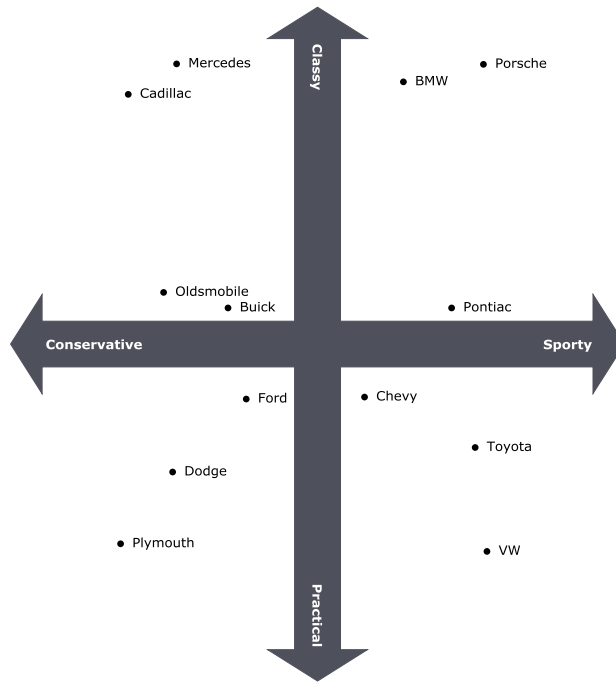
We can now clearly see SmartDraw's unique position as an easy to use business graphics software application. This helps us define our messaging, guide our product development and target our marketing.

### ***3. How to use product positioning matrix diagrams to identify new opportunities***

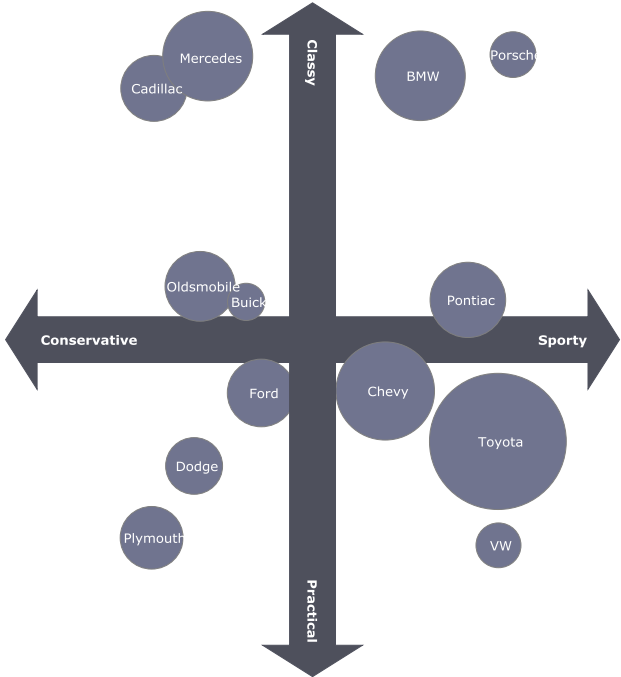
A product positioning diagram can also help you plan for the future. Let's suppose you are looking to enter a new market? You can map the existing competitors to see if there are any opportunities for entry. For example, in the auto market one could map the image of cars on two axes as follows.



You can then position car brands along these two axes.



To embed even more information into the map, you can represent each brand with a bubble that indicates market share by size. Do you see any available market positions? (Note that this map was not driven by actual data regarding the auto industry and any similarities to actual market share are purely coincidental.)



This chart makes it easy to see where the competition is strong, weak or non-existent. If you were entering the market, you would know where to position a new product. If you were already in the market, you could see if you are overlapped or dominated by competitors. With that perspective, you could consider strategies to move your position in the market—through product changes and or new messaging—or even make a decision to leave the market.

To watch a video on how to make a Product Positioning Matrix with SmartDraw [click here](#).

This document is part of the *Working Smarter* Series—a collection of publications describing proven tactics for improving business operations, provided free by SmartDraw.com. To download a free trial of SmartDraw, visit [www.smartdraw.com](http://www.smartdraw.com)

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