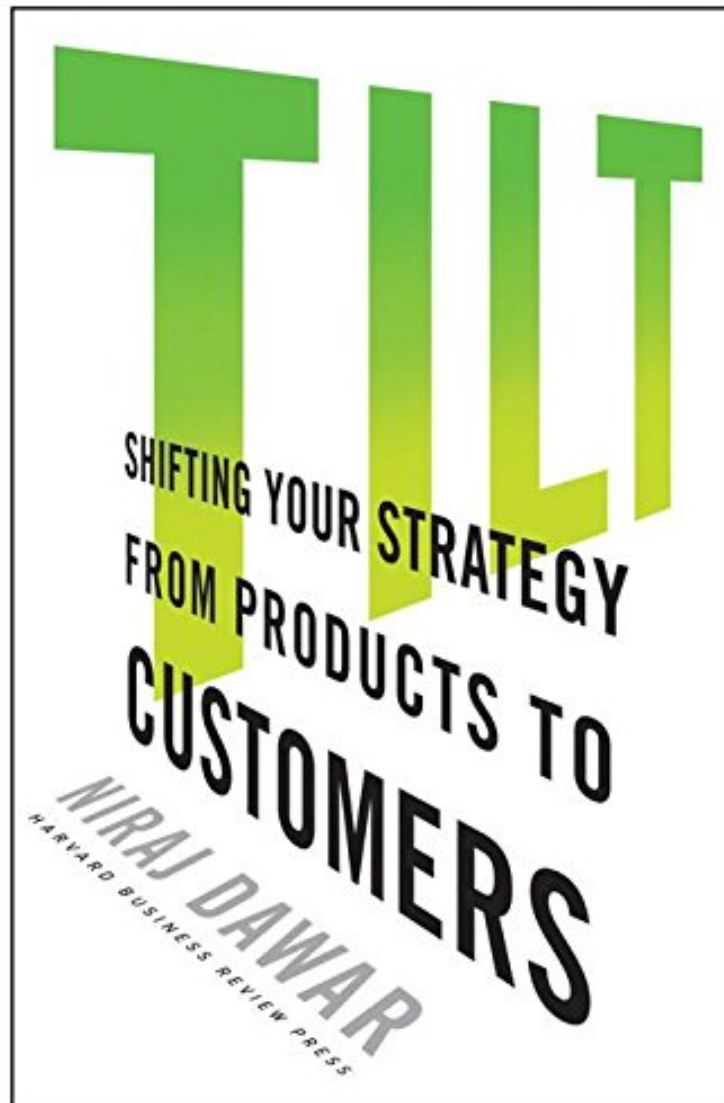


Tilt: Shifting Your Strategy from Products to Customers

Niraj

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Niraj : Tilt: Shifting Your Strategy from Products to Customers before purchasing it in order to gage whether or not it would be worth my time, and all praised Tilt: Shifting Your Strategy from Products to Customers:

10 of 10 people found the following review helpful. Getting inside the customer's mindBy John GibbsIncreasingly, sustainable competitive advantage is to be found not in the technical superiority of products but in interactions with customers, according to Niraj Dawar in this book. Businesses therefore need to be tilting their centre of gravity from upstream activities (activities relating to production and products) to downstream activities (activities relating to customers).What other strategic changes are involved in the "Tilt" from upstream to downstream? According to the

author, the changes include:

- * The customer, rather than the factory, becomes the core of the business.
- * The central strategic question changes from "How much more can we sell?" to "Why do customers buy from us?" and "What else does the customer need?"
- * Businesses now need to focus on how to reduce customers' costs and risks.
- * Competitive advantage can be gained by managing the flow of information in marketplace networks.
- * Competitive advantage can be gained by using marketing to convince customers that particular criteria (which happen to favour your products) should be used to determine purchasing decisions.

Among the many useful insights contained in this book, I was particularly struck by the importance of reducing customers' costs and risks, and by the author's assertion that any business has information about its customers which customers don't know and can't find out on their own. Nearly all businesses work on the assumption that the price which they put on their products or services is the price at which customers value their products and services, but the reality is that customers factor in costs and risks when evaluating different options, and the seller can command a higher margin by delivering a solution with lower costs and risks. This is definitely one of the most interesting and insightful books on marketing that I have read. It demonstrates that old-style marketing (pre-social-networking) is not dead, but it also shows that a clear understanding of the customer purchase decision is more important than ever.

1 of 1 people found the following review helpful. Excellent book for Sales Professionals

TooBy J. F. Malcolm

In the golden age of the industrial era, the key resource was the means of production, best symbolized by Ford, which emerged and thrived because of its mastery of mass production techniques that allowed it to capitalize on vast economies of scale. Companies gained competitive advantage by making and selling more and better stuff. In other words, they dominated the upstream activities. Today, as Dawar explains in this book, the center of gravity has shifted to downstream activities. Manufacturing and even new product development can easily be outsourced, so there is no longer any competitive advantage in controlling upstream activities. The key resource is now the customer's mind. In this new world, companies compete on economies of scope: rather than asking "how can we sell more of what we make to customers?"; they are asking, "what else does the customer need?"

A great example is , which doesn't sell better stuff, it sells stuff better. To succeed in the new tilted landscape, CEOs and marketers (and may I add, salespeople) need to be asking themselves new questions:

- Why do customers buy from us?
- Why do potential customers not buy from us?
- What else does the customer need?
- How else can we slash the customer's costs and risks?
- Are we criterion takers, or criterion makers?

My own addition: how else can we help them grow revenues or serve their customers better?

How does a company compete for downstream competitive advantage? Although the book considers both B2B and B2C companies, I focus here on the former. In Part 2 of the book, Dawar explains how a company can use its "perch", or higher and wider perspective of the market, to bring innovations and fresh insights to customers. Because they deal with large number and wide range of different customers, they can see the whole forest, and use their knowledge to relay and connect ideas, provide benchmarking information, and make predictions that add value. The second section of the book dives deep into the scarce resource that we should all be competing for: the customer's attention and cognitive effort. Dawar poses an interesting thought experiment. If Coca-Cola somehow lost all its physical assets, would they be able to raise funds to restart their business? The answer is clearly yes. But if somehow the entire world got partial amnesia and forgot about the Coca-Cola brand, would anyone invest billions of dollars in the business? Clearly not. The point is that a brand, or a customer's perception of your company, is a critical asset because it lowers the customer's costs and risks of making a decision to buy. They don't have to expend much attention or think very deeply about their decision. That's why downstream competitive advantage can be not just sustainable but accumulative. Through network effects, habit, and confirmation bias, the rich brands tend to get richer by gaining more and more mind share. One interesting insight the book provides is that what is important is not being first to market, but first to mind. Anyone remember the Erwise browser or Chux disposable diapers? The incumbents have managed to define and dominate the customer's purchase criteria, and the only ways for a challenger to overturn this dominance is to either provide an offering that is clearly superior in the important criteria, or change the criteria of purchase. You can either be a criterion taker, or a criterion maker.

There's so much more I could write about this excellent book, but I'll let you take it from here. Let me just say that if you aim to be an intrapreneurial sales professional, you need to read this book soon, and you need to sit down and seriously reflect on the six questions above.

0 of 0 people found the following review helpful. Good lessons for Large B-to-B companies who are shifting focus to customers

By Jack Boyd

The author describes how companies today have invested heavily in the upstream business of RD, plant capacity and operational efficiency at the expense of their downstream business of customers, networks and marketing innovation are losing share. Dawar avoids the overused examples of Apple, Google and shares good B to B cases. The most interesting insight I found was the idea that the businesses that are the largest market share and most prone to disruption often have the the best 'perch' or view of the market (because they have the largest share). This 'perch' gives companies the opportunity to leverage something smaller competitors don't have --- the broadest view of how customers use their products. The book offers several strong examples how companies can leverage their 'perch' in innovative ways, including using customer and network data to create sustainable innovation. I've recommended this book to a number of colleagues.

Shift your strategy downstream. Why do your customers buy from you rather than from your competitors? If you think the answer is your superior products, think again. Products are important, of course. For decades, businesses sought competitive advantage almost exclusively in activities related to new product creation. They won by building bigger factories, by finding cheaper raw materials or labor, or by coming up with more efficient ways to move and store inventory—and by inventing exciting new products that competitors could not replicate. But these sources of competitive advantage are being irreversibly leveled by globalization and technology. Today, competitors can rapidly decipher and deploy the recipe for your products' secret sauce and use it against you. Upstream, product-related advantages are rapidly eroding. This does not mean that competitive advantage is a thing of the past. Rather, its center has shifted. As marketing professor Niraj Dawar compellingly argues, advantage is now found downstream, where companies interact with customers in the marketplace. Tilt will help you grasp the global nature of this downstream shift and its profound implications for your strategy and your organization. With vivid examples from around the world, ranging across industries and sectors, Dawar shows how companies are reorienting their strategies around customer interactions to create and capture unique value. And he demonstrates how, unlike product-related advantage, this value is cumulative, continuously building over time. In an increasingly customer-centered world marketplace, let Tilt serve as your guide to shifting your strategy downstream—and achieving enduring competitive advantage.

Included in Forbes Eight Noteworthy Books of 2014; list. A Top Shelf Best Business Book pick of the Year: Marketing; strategy+business magazine Tilt is a must read for business heads as it will allow them to have a relook at their strategy. Investments made in understanding consumers and designing specific solutions for them have a much bigger payoff than upstream investments, which can be outsourced to a large extent. Business World magazine makes a strong argument for marketers to actively dictate and manage the expectations of the markets in which they operate. Quirk's Marketing Research Report ADVANCE PRAISE for Tilt: Don Tapscott, best-selling author or coauthor of fifteen books, most recently Macrowikinomics Dawar deftly explains why competitive advantage is being seized by companies that understand how profoundly customer relationships have changed in a networked economy, and how your company can achieve similar success. Russell S. Winer, William H. Joyce Professor of Marketing; Chair, Marketing Department, NYU Stern School of Business In this highly readable and important book, Niraj Dawar offers marketing managers a road map for obtaining a sustainable competitive advantage. By tilting toward their customers and their interactions with them, marketers will move from product-centric to customer-centric thinking and increase their success in today's highly competitive marketplace. Arkadi Kuhlmann, CEO, ZenBanx Inc.; former Chairman and CEO, ING Direct Tilt challenges us to place customers at the heart of strategy. With product cycles shortening and product costs shrinking, this book brings to life a deeper understanding of how strategy can be made more powerful. A must-read. Chris Barrow, Chief Strategy Officer, Heineken N.V. Given the changes in the consumer goods industry, Tilt really got me to think in a different way. It puts a new focus on understanding and leveraging any organization's customers and consumers. An essential read for all current and aspiring C-level executives. Rohit Deshpande, Sebastian S. Kresge Professor of Marketing, Harvard Business School The democratization of technology, the flattening of the earth, and emergent market disruptors are fundamentally changing how we should think about competitive strategy. Niraj Dawar makes a powerful argument for tilting company resources from upstream to downstream value creation in order to capture and retain customers. Read this book. Vivek Mehra, Partner, August Capital This book will shake the faith of any tech start-up's product obsession. It provides a fresh new way of looking at market dynamics, customers, and competition. Tilt is essential reading for entrepreneurs and executives building successful businesses, not just better products.