Bowman's Strategy Clock

Introduction

Bowman's Strategy Clock is a marketing model concerned with strategic positioning. The model was developed by the two famous economists Cliff Bowman and David Faulkner, who argued that a company or brand had several ways of positioning a product based on price and perceived value. Bowman's Strategy Clock seeks to illustrate graphically that product positioning is based on the dimensions of price and perceived value.

Harping on both the dimensions and its various combinations with the Bowman's Strategy Clock, there are eight possible and effective strategies that a company can opt, and all these eight strategies are divided over the four quadrants. All these eight strategies are displayed in a clock format adhering to the name of the model.

The management of the company can choose its position from the Bowman's Strategy Clock that offers it the most competitive advantage in the market as compared to its competitors and results in its growth and overall development and attainment of its business objectives.

Definition

Bowman's Strategy Clock is a tool that helps to understand how products are positioned in the market. Its name comes from the person who invented it: Cliff Bowman. Its aim is to create a visual representation of product positioning that can be applied to all types of products in the shape of a Clock.

When to use it

Bowman's Strategy Clock is used by organizations to evaluate and analyze the present strategies and to plan the future organization position. The use of this model helps the organization not only in analyzing its strategic position but also helps to bring change in its business strategies on the basis of the current position. This model also helps in improving the competitiveness in the market by graphically representing the product positioning on the basis of the perceived values and dimensions of price.

By using this model, the organization can also investigate how the product can be positioned to ensure maximum competitive advantage.

Details

The eight positions of the Bowman's Strategy Clock:

1) Low price and low added value

In this strategy position, keeping the price relatively low is the only means of the competitive method that the company can use to compete with its contemporaries in the market. The price of the product or service offerings is very low and the product or service is not distinguished and the customer perceives very little value. It is not the most competitive position within the framework of the Bowman's Strategy Clock.

2) Low Price

The companies following this strategy of the Bowman's Strategy Clock often produce large quantities of the products plus their products are valued in the target market. The various and possible price wars are fought between the competitive brands in this position.

The products are often sold at a low price leading to the low-profit margins on the individual products, but the high volume of the output can still generate the high amount of profits for the company. This position in the strategy clock regards the cheaper market leaders who have their main focus on the cost minimizations with the means of cheap and quick production using the facet of economies of scale.

3) Hybrid

This strategy in the Bowman's Strategy Clock is very effective if the added value of the products is consistent in nature and is well applied and offered on the regular basis.

On one hand, this strategic position involves the companies focusing on the aspect of product differentiation which makes their products highly valued in the market and in the minds of the customers and on the other hand the company's focus is on the low price making it a hybrid model. The customer is convinced that the good value product at a low price is offered to them that benefits them in a genuine way.

4) Differentiation

The companies opting for the differentiation strategy of the Bowman's Strategy Clock tries their level best to offer the products that high on the realms of quality at an average price and wish to offer their customers the highest level of the perceived added value that makes them curate a distinctive identity in the market.

Apart from focusing on the product quality, they put significant efforts on the branding making their brand a reliable one to retain the loyal set of customers. The customers are even ready to pay more for these products as they are sensitive to the high-quality products of a renowned brand in the market.

5) Focused Differentiation

This strategy from the Bowman's Strategy Clock is mainly applicable to the brands that focus on the luxury and exclusive products that are high on quality and are sold at a high price. The higher profit margins are attained by such companies as they use targeted promotions, marketing, distribution, and segmentation strategies. Their competitors are in the similar market segment and there is a tussle by keeping the prices of products high than the other.

6) Risky High Margins

The companies using this strategy from the model charge high prices for the products that are perceived as mediocre in value by the customers. It is the very risky strategy to opt for and the position of the company is most likely to fail in the long-term. The customers will look for the better-quality product in the similar price range or a similar type of product at a lower price to cut their costs with an objective of value for money.

7) Monopoly Pricing

In this position of the strategy clock the company's position themselves as the monopoly leader in the market as they are the only ones offering the specific type of product in the market. And as a result, there is no fear of the competition and they are the only one determining the price of the product.

The customers are left with the two choices to buy the product or not to buy the product as they are totally dependent on the products or services offered by the monopolistic brand. Usually, in most of the countries, the authorities regulate the monopolistic market to prevent the companies from increasing the prices and offering faulty products and services.

8) Loss of Market Share

This strategic position in the Bowman's Strategy Clock is not a very desirable one for any company as it basically means that the company is not able to offer the products or services that the customers value. The customers do not indulge in the purchase as the price is too high. The companies in this segment opt for the standard prices of their product offerings to stay relevant and competitive in the market and in the minds of the customers.

EXAMPLES:

BlackBerry was one of the most dominating and prominent smartphone brands that have achieved significant success in the market due to its higher status and the capability to bring email services to handheld mobile devices. However, some of the strategic initiatives of BlackBerry resulted in the failure of the company in the later years of operation. BlackBerry kept sticking to the QWERTY keyboard whereas the leaders in the smartphone industry such as Apple provided a full touch screen interface to the customers. Along with this, various other smartphone companies came up with video chatting, sharing photos, playing games, and various other features which resulted in the failure of BlackBerry. The design of the Blackberry phones is also one of the major issues being faced by the company. BlackBerry Priv shows resistance to change which also contributed to the failure of the company. Moreover, smartphones also gained significant importance in the market due to the ability to install any kind of application on these phones from games to educational apps which also resulted in a decline in the demand for Blackberry phones. The customer also started to face difficulty in using Facebook and Twitter and other applications on Blackberry phones and thus, shifted to smartphone consumption. In addition to this, the greatest issue being faced by Blackberry was lack of consideration of the competition in the market which is a major contributing factor to the failure of the organization as the company had a lot of assets and capabilities to embrace change but due to a lack of focus on innovation and reluctance to change, the company lost its market share in the industry.

This shows that Blackberry falls into the loss of market share category as the company adopted medium to high prices for its low-value goods to the customers. However, BlackBerry can regain its lost market share in the industry by focusing on Product Differentiation which is the opposite of the loss of the market share strategy. The use of this strategy can help the organization to ensure higher customer satisfaction.

Thus, Bowman Strategy Clock is one of the useful strategy analysis and positioning tools which can help the organization to determine the business strategies on the basis of the two dimensions. Focusing only on the prices without consideration of the customer value can result in the failure of the organization.