

#### Client Situation



The second-largest retail software company in the world enjoyed a virtual lock on PC performance optimization products and succeeded in establishing the market for anti-virus software. But when a handful of new and aggressive competitors came into view, the rules of the game shifted to focus on the Internet, new distribution channels, and highly aggressive pricing schemes.

Almost overnight, an established leader found itself chasing competitors rather than defining and leading the market. Alliance was called in to help the company defend against new threats and regain its market leadership.

#### Alliance Approach

The critical question was, “Why are these new competing products making inroads so easily?” Working with the management team, Alliance determined the short answer to be that they were targeting a different user segment -- so no marketing or sales campaign for the existing products would detract from the competition.

Armed with an understanding of the new customer segment needs, the company moved quickly to define a new product. As a result, one key competitor panicked and rushed the release of its next version, which contained numerous bugs, tarnished the company’s brand, and ultimately led to its demise. After several months, the sole remaining competitor attempted to wage a potentially fatal price war.

Alliance helped to develop a model for tracking market share trends against specific marketing programs, and calculated a rate of return. With this data in hand, it became clear that the winning strategy would be not to play by the competitor’s rules, but to target the right product at the right segment. The strategy focused on leveraging brand value and cross marketing a wide array of products -- things the competitor did not have. The cross-marketing quickly evolved into a strategy for creating a unique software suite with the brand value intact. The competitor’s brand was consequently cheapened and viewed as inferior. And the former leader is once again setting the market agenda.



### Results and Impact

A fact-based strategy focusing on customer needs rewarded the company with an impressive turnaround, and a return to its position as the clear market leader.

- The stock price is rising while the competitor's stock has dropped from \$60 into the teens.
- Same-month U.S. retail sales grew by 66 percent in dollars and 149 percent in units compared to the year before. Growth over a trailing three months was 24 percent in dollars and 44 percent in units.
- The flagship product strengthened its leadership with a 62 percent unit share of the U.S. retail anti-virus market
- Six other products made PC Data's "Top 20 Business Software" list.