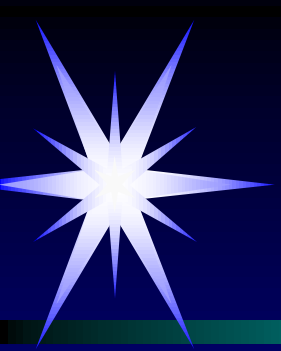




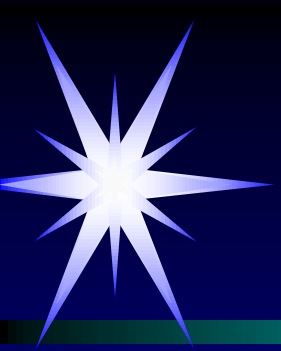
# Competitive Strategy

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# Agenda

- Bases of Competition
- Competitor Analysis
- Competitive Strategy



# Bases of Competition

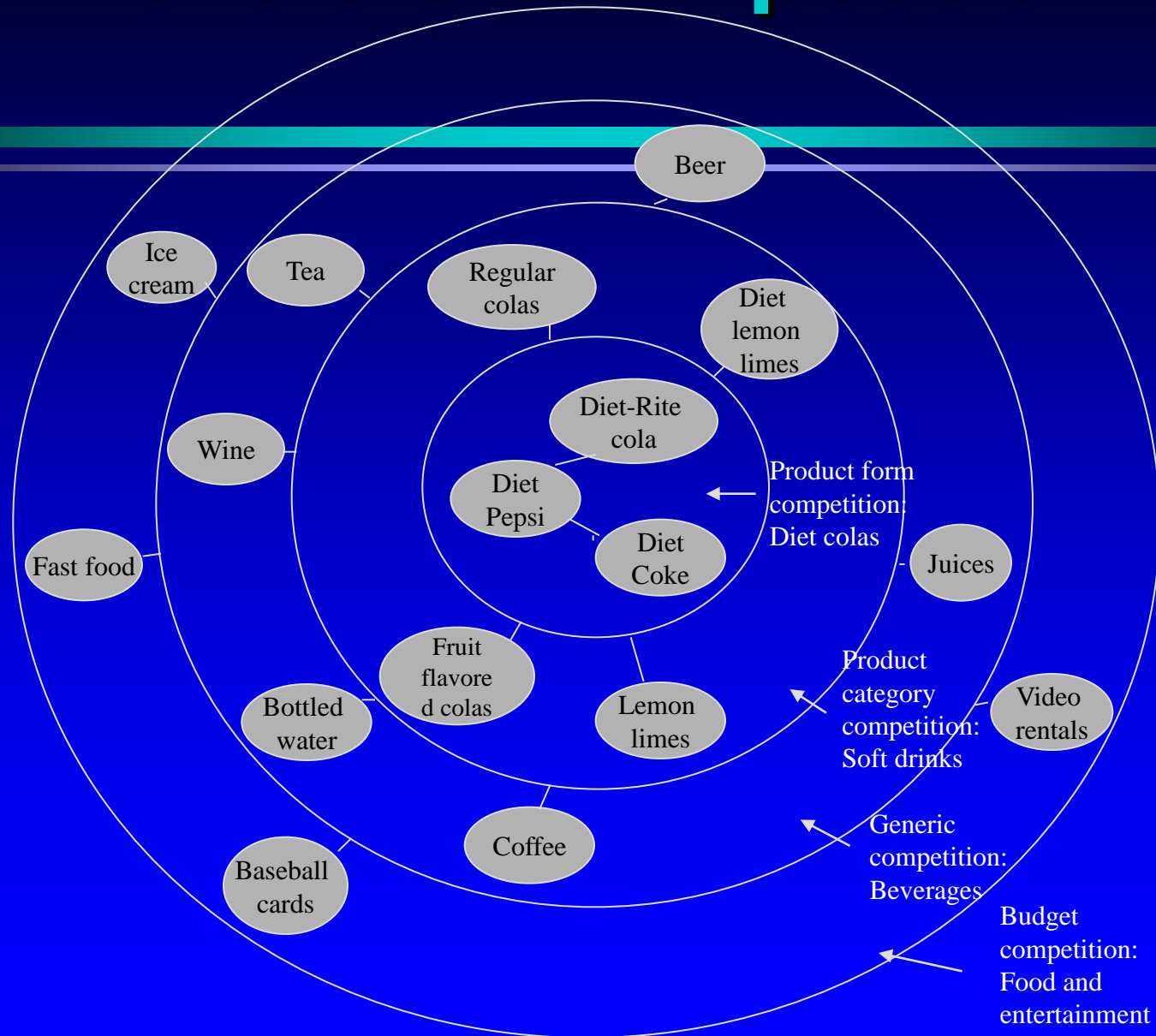
- Customer-oriented
  - Who they are – competition for same budget
  - When they use it
  - Why they used it- benefits sought
- Marketing-oriented: advertising and promotion
  - Theme/copy strategy
  - Media
  - Distribution
  - Rate



# Bases of Competition cont.

- Resource-oriented
  - Raw materials
  - Employees
  - Financial resources
- Geographic

# Levels of Competition



# Levels of Competition: Implications for Product Strategy

Competitive Level

Product Management Task

**Product  
Form**



Convince Customers that the  
Brand is Better than Others

**Product  
Category**



Convince Customers that the  
Product Form is Best in the  
Category

**Generic**

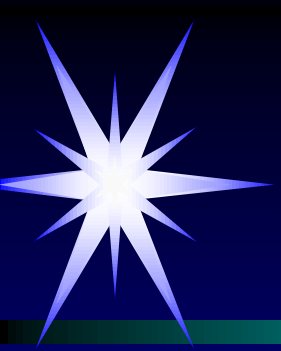


Convince Customers that the  
Product Category is the Best  
Way to Satisfy Needs

**Budget**



Convince Customers that the  
Generic Benefits are the Most  
Appropriate Way to Spend  
their Money



# Market Factors for Industry Analysis

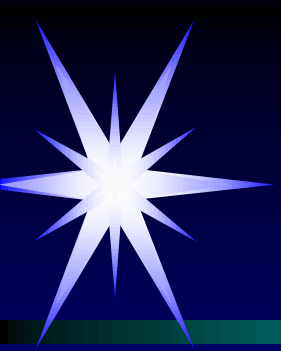
- Size
- Growth
- Stage in life cycle
- Cyclicity
- Seasonality
- Marketing mix
- Profits
- Financial ratios



# Competitive Factors for Industry Analysis

- Concentration
- Power of buyers
- Power of suppliers
- Rivalry
- Pressure from substitutes
- Capacity utilization
- Entries and exits

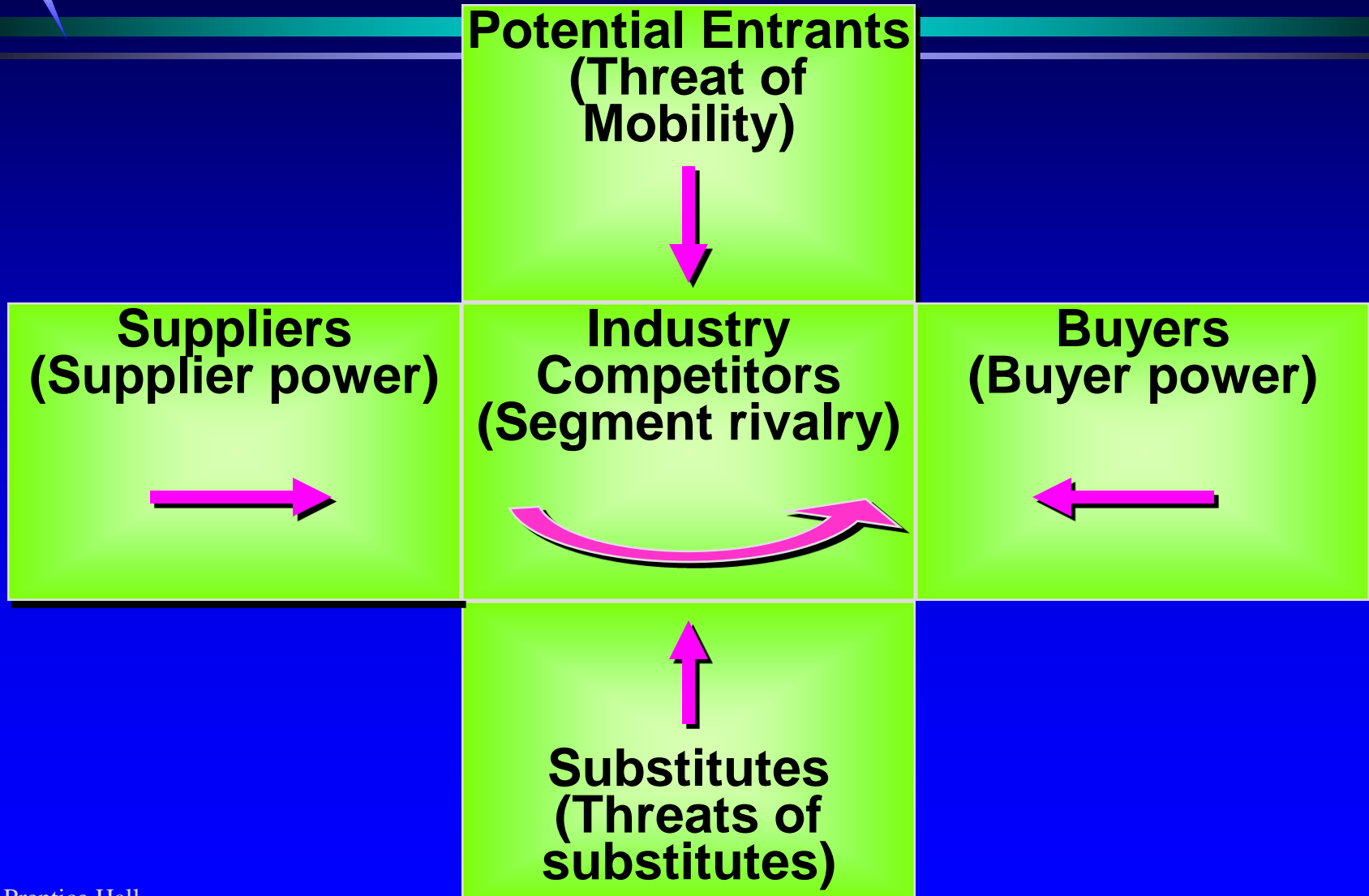


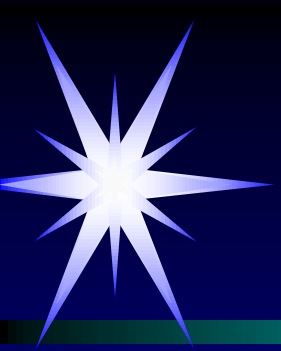


# Measures to Indicate Concentration

- The share of the largest firm
- The combined shares of the largest three or four firms
- The number of firms with at least  $x$  percent of the market (e.g., 1 percent)
- The share of the largest firm divided by the share of the next three largest competitors

# Five Forces Determining Segment Structural Attractiveness





# Industry Competition

- Number of Sellers - Degree of Differentiation
- Entry, Mobility, Exit barriers
- Cost Structure
- Degree of Vertical Integration
- Degree of Globalization

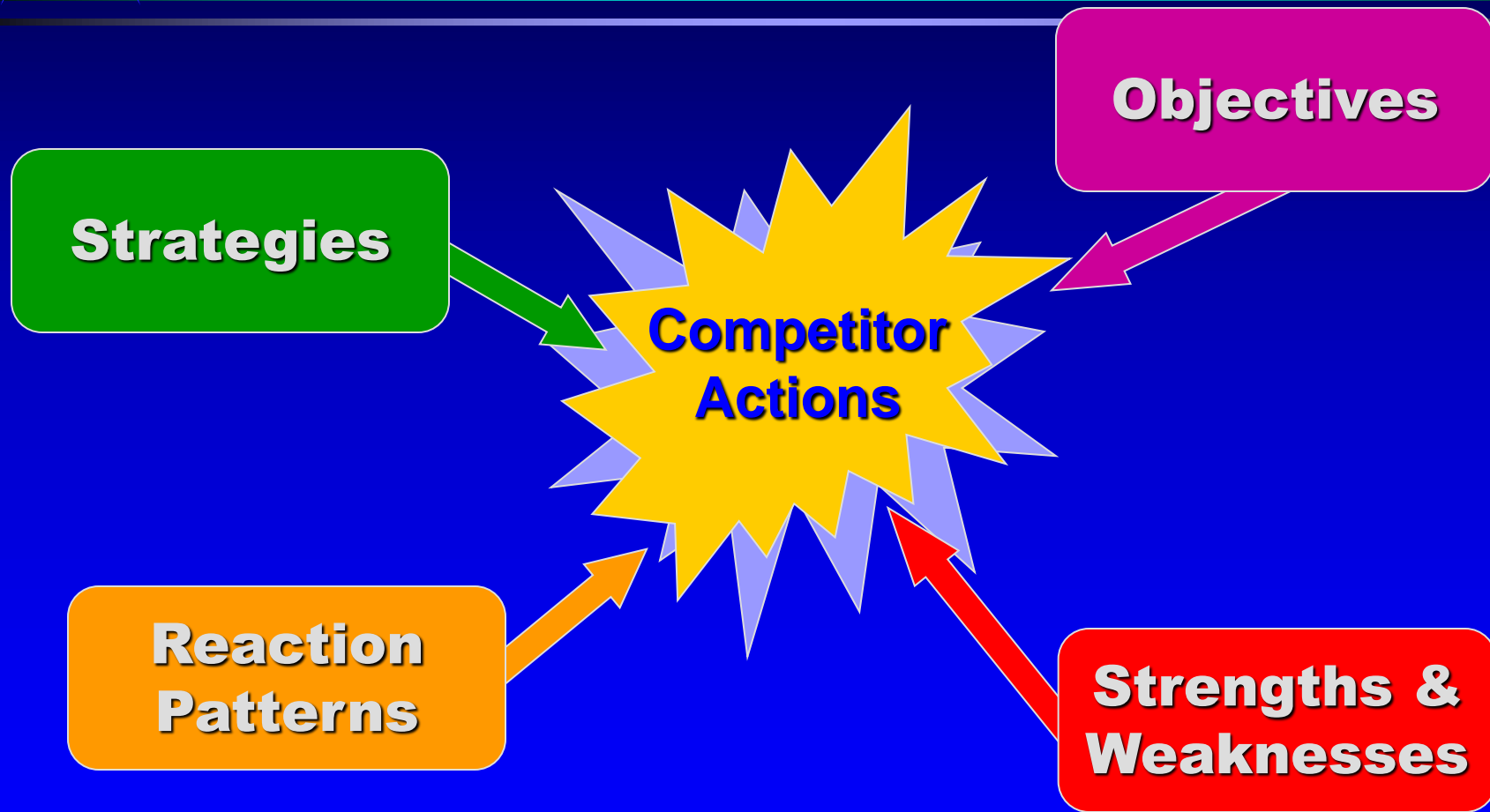


# Industry Attractiveness based on Market Factors

Market Factors	<i>High</i>	<i>Low</i>
Size	Large	Small
Growth	High	Slow
Stage in life cycle	Early	Late
Cyclicity	Low	High
Seasonality	Low	High
Marketing spending	Low	High
Profits	High	Low
Financial ratios	High	Low



# Analyzing Competitors

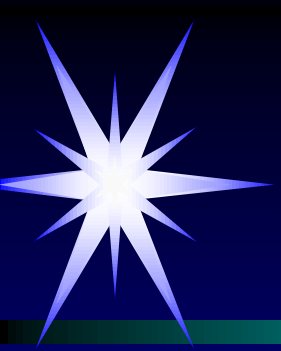




**Table 9-1: Customer's Ratings of Competitors on Key Success Factors**

	Customer Awareness	Product Quality	Product Availability	Technical Assistance	Selling Staff
Competitor A	E	E	P	P	G
Competitor B	G	G	E	G	E
Competitor C	F	P	G	F	F

Note: E = excellent, G = good, F = fair, P = poor.



# Analyzing Competitors

- Three Variables to Monitor When Analyzing Competitors:
  - Share of market
  - Share of mind
  - Share of heart

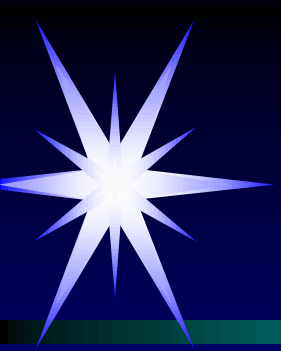




**Table 9-2: Market Share, Mind Share, and Heart Share**

	Market Share			Mind Share			Heart Share		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
Competitor A	50%	47%	44%	60%	58%	54%	45%	42%	39%
Competitor B	30	34	37	30	31	35	44	47	53
Competitor C	20	19	19	10	11	11	11	11	8





# Hypothetical Market Structure & Strategies

**Market leader**

**40%**

Expand Market  
Defend Market Share  
Expand Market Share

**Market challenger**

**30%**

Attack leader  
Status quo

**Market follower**

**20%**

Imitate

**Market  
nicher**

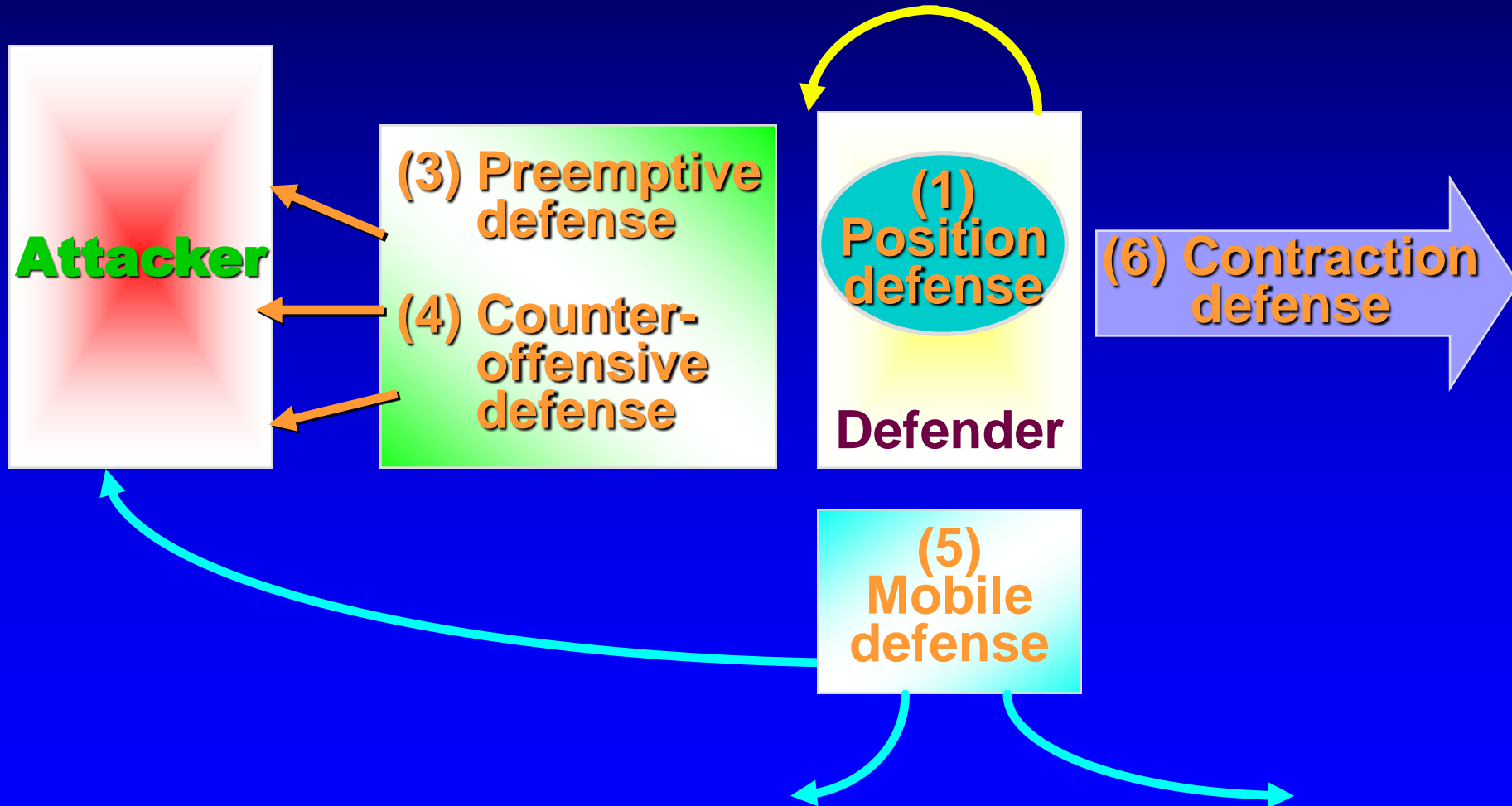


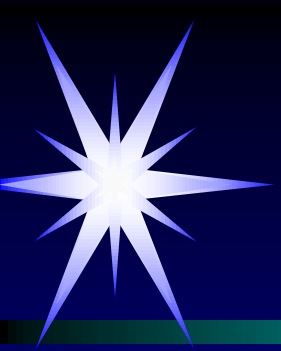
**10%**

Special-  
ize

# Defense Strategies

## (2) Flank defense



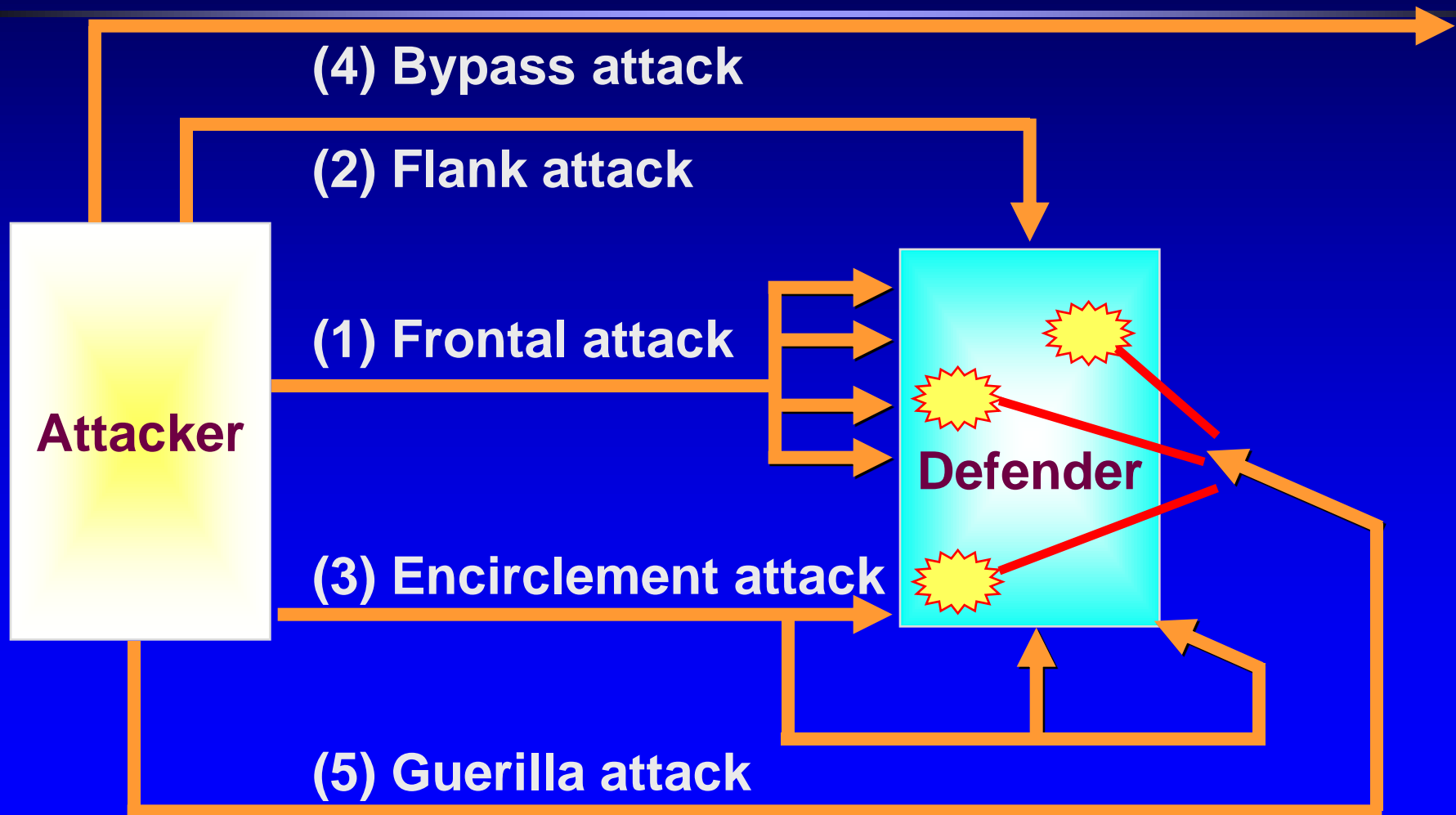


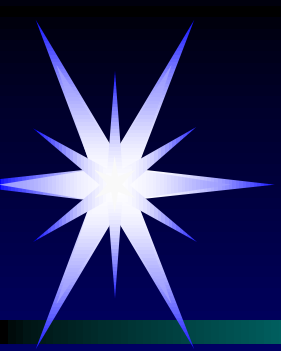
# Designing Competitive Strategies

- Market-Leader Strategies
  - Expanding the Total Market
    - New Users
      - Market-penetration strategy
      - New-market segment strategy
      - Geographical-expansion strategy
    - New Uses



# Attack Strategies





# Specific Attack Strategies

- Price-discount
- Cheaper goods
- Prestige goods
- Product proliferation
- Product innovation
- Improved services
- Distribution innovation
- Manufacturing cost reduction
- Intensive advertising promotion



# Designing Competitive Strategies

## ➤ Market-Follower Strategies

➤ Innovative imitation  
(Product imitation)

➤ Product innovation

➤ Four Broad Strategies:

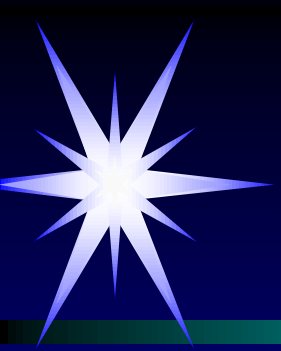
➤ Counterfeiter

➤ Cloner

➤ Imitator

➤ Adapter





# “Nichemanship”

- End-user specialist
- Vertical-level specialist
- Customer-size specialist
- Specific-customer specialist
- Geographic specialist
- Product or product-line specialist
- Product-feature specialist
- Job-shop specialist
- Quality-price specialist
- Service specialist
- Channel specialist