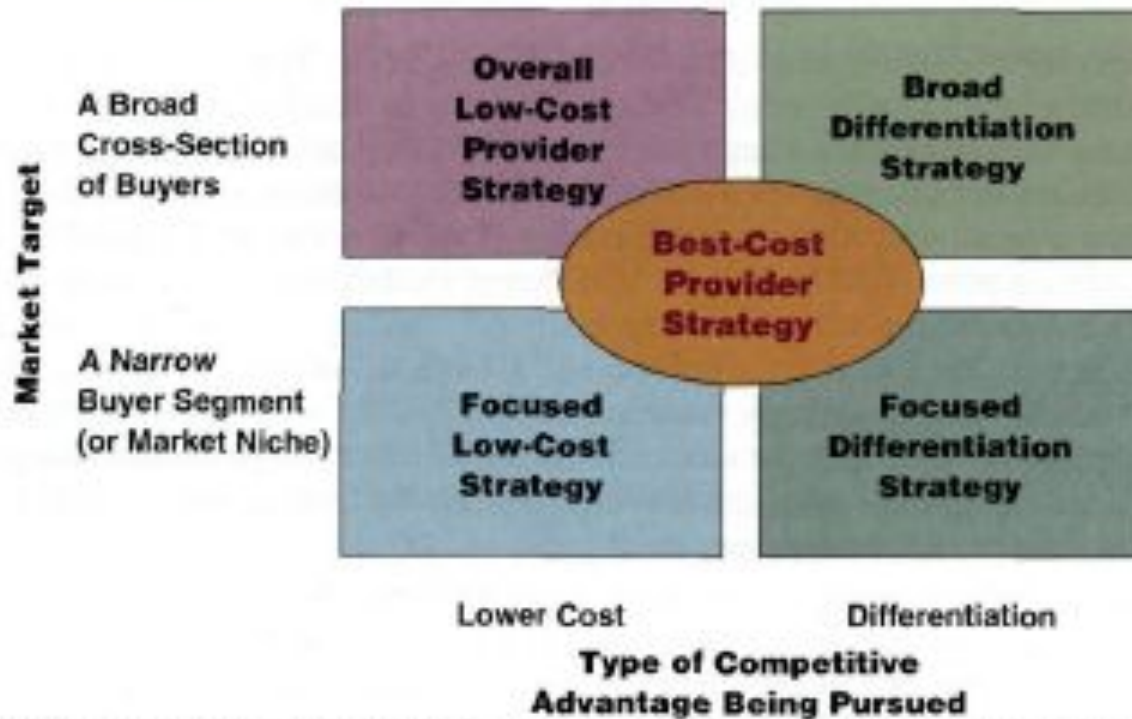


Five Generic Competitive Strategies

Figure 5.1 The Five Generic Competitive Strategies: Each Stakes Out a Different Market Position



Source: This is an author-expanded version of a three-strategy classification discussed in Michael E. Porter, *Competitive Strategy* (New York: Free Press, 1980), pp. 35–40.

Distinguishing Features

Table 5.1 Distinguishing Features of the Five Generic Competitive Strategies

	Low-Cost Provider	Broad Differentiation	Best-Cost Provider	Focused Low-Cost Provider	Focused Differentiation
Strategic target	<ul style="list-style-type: none"> A broad cross-section of the market 	<ul style="list-style-type: none"> A broad cross-section of the market 	<ul style="list-style-type: none"> Value-conscious buyers 	<ul style="list-style-type: none"> A narrow market niche where buyer needs and preferences are distinctively different 	<ul style="list-style-type: none"> A narrow market niche where buyer needs and preferences are distinctively different
Basis of competitive advantage	<ul style="list-style-type: none"> Lower overall costs than competitors 	<ul style="list-style-type: none"> Ability to offer buyers something attractively different from competitors 	<ul style="list-style-type: none"> Ability to give customers more value for the money 	<ul style="list-style-type: none"> Lower overall cost than rivals in serving niche members 	<ul style="list-style-type: none"> Attributes that appeal specifically to niche members
Product line	<ul style="list-style-type: none"> A good basic product with few frills (acceptable quality and limited selection) 	<ul style="list-style-type: none"> Many product variations, wide selection, emphasis on differentiating features 	<ul style="list-style-type: none"> Items with appealing attributes; assorted upscale features 	<ul style="list-style-type: none"> Features and attributes tailored to the tastes and requirements of niche members 	<ul style="list-style-type: none"> Features and attributes tailored to the tastes and requirements of niche members
Production emphasis	<ul style="list-style-type: none"> A continuous search for cost reduction without sacrificing acceptable quality and essential features 	<ul style="list-style-type: none"> Build in whatever differentiating features buyers are willing to pay for; strive for product superiority 	<ul style="list-style-type: none"> Build in upscale features and appealing attributes at lower cost than rivals 	<ul style="list-style-type: none"> A continuous search for cost reduction while incorporating features and attributes matched to niche member preferences 	<ul style="list-style-type: none"> Custom-made products that match the tastes and requirements of niche members
Marketing emphasis	<ul style="list-style-type: none"> Try to make a virtue out of product features that lead to low cost 	<ul style="list-style-type: none"> Tout differentiating features Charge a premium price to cover the extra costs of differentiating features 	<ul style="list-style-type: none"> Tout delivery of best value Either deliver comparable features at a lower price than rivals or else match rivals on prices and provide better features 	<ul style="list-style-type: none"> Communicate attractive features of a budget-priced product offering that fits niche buyers' expectations 	<ul style="list-style-type: none"> Communicate how product offering does the best job of meeting niche buyers' expectations
Keys to sustaining the strategy	<ul style="list-style-type: none"> Economical prices/good value Strive to manage costs down, year after year, in every area of the business 	<ul style="list-style-type: none"> Stress constant innovation to stay ahead of imitative competitors Concentrate on a few key differentiating features 	<ul style="list-style-type: none"> Unique expertise in simultaneously managing costs down while incorporating upscale features and attributes 	<ul style="list-style-type: none"> Stay committed to serving the niche at lowest overall cost; don't blur the firm's image by entering other market segments or adding other products to widen market appeal 	<ul style="list-style-type: none"> Stay committed to serving the niche better than rivals; don't blur the firm's image by entering other market segments or adding other products to widen market appeal

■ And let us talk about supplementing strategies

< Strategic alliances

< Merger and Acquisition

< Outsourcing

< What are the opportunities & risks?

Individual work for now 😊

- < Take your assigned brand (see below)
- < Prepare for next class (27th Jan)
 - < an overview of the value chain (draw it, describe it)
 - < Describe the strategy the company (brand) is applying
 - < Hand in the paper at the beginning of the class

STUDENT NAME	Brand		STUDENT NAME	Brand		STUDENT NAME	Brand
Alekseev Andrii	Coca-Cola		Malashok Dasha	Honda		Soloshenko Daniil	UPS
Azime Anna	Toyota		Maslov Roman	Pampers		Tomovsky Luka	Budweiser
Babesha Karyna	Mercedes-Benz		Sallam Diala	Pepsi		Vetosh Anastasiia	L'Oréal
Cardenas Dayanna Gabriela	Danone		Shchetinin Mykyta	Gillette		Vlasiuk Veronika	Hermès
Gutnyk Khrystyna	McDonald's		Halit H. G.	Canon		Zamula Anastasiya	Adidas
Hrytsai Volodymyr	BMW		Shkil Bogdan	Colgate		Chikalova Arina	Nescafe
Kravchenko Anastasiia	Nike		Shuta Lorina	IKEA		Petrus Kristina	Audi
Ladyvir Marek	Louis Vuitton		Skrypka Maksym	Zara		Prikolota Viktoria	Kellogg's
Machavariani Mariam	H&M		Sobkova Yulia	Pampers		Dmitriy Hordiychuk	Philips