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Competitive Strategies

- Porter identified four competitive strategies:
  1. Broad cost leadership across industry (most efficient)
  2. Narrow cost leadership focused on particular industry segment (most efficient)
  3. Broad differentiation across industry (most effective)
  4. Narrow differentiation focused on particular industry segment (most effective)
- Goals, objectives, culture, and activities must be consistent with strategy
- Watch video clip

Isn't competition ultimately about cost leadership, differentiation, or focus?*

- **cost leadership strategy – via improving process efficiencies, unique access to low cost inputs, vertical integration, avoiding certain costs, etc.**
- **differentiation strategy – via developing products and/or services with unique traits valued by customers.**
- **focus strategy – via concentrating on a narrow segment with entrenched customer loyalty.**

But don't each of these have risks today?

* Source: Michael E. Porter's three generic strategies.

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No	Strategy	Where has the strategy been applied	Products/Services that the strategy has been applied (Example)
1	Cost Leadership	Developing, transition and developed economies (Worldwide)	Cars industry (Toyota), Airline business (Air Asia), Retail business (Giant and Carrefour Supermarket)
2	Differentiation	Developing, transition and developed economies (Worldwide)	Cars and Motor cycle (Mercedes Benz and Harley Davidson - by Brand) Watches (Titan Watches - by design) Domino Pizza (by positioning) Apple Computers (by technology) 3M (by Innovation)
3	Hybrid (Combination of Cost Leadership and Differentiation strategy)	Developing, transition and developed economies (Worldwide)	Car Industry (Toyota, Honda) Furniture Industry (IKEA)

Broad cost leadership broad differentiation focused strategy. What is a broad cost leader strategy. Cost leadership is a low-cost broad-based market strategy. What is broad cost leadership. Cost leadership strategy requires firms to have broad scope. Broad low cost leadership strategy. Broad market and cost leadership strategy. Broad cost leadership strategy example.

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