



# **BUSINESS STRATEGY**

## **Chapter 4+5- Strategic Positioning**

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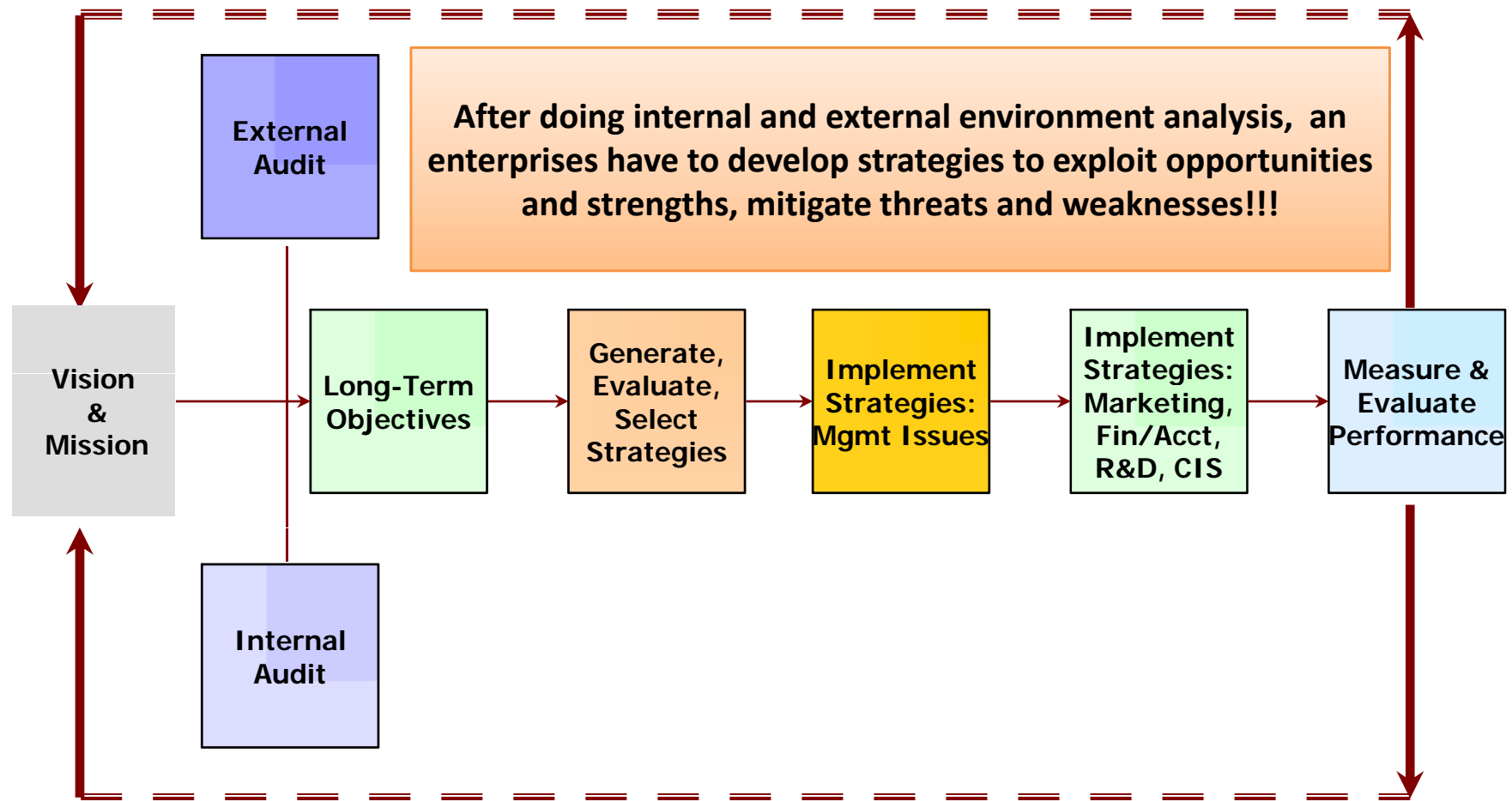
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# Chapter 4+5- Strategic Positioning

## Learning outcomes

### Strategic management process:





# Chapter 4+5- Strategic Positioning

## Learning outcomes

- ***After finishing these chapters, you will be able to:***
  - Approaches to strategy formulation.
  - SWOT analysis and gap analysis.
  - Competitor analysis and the choice of competitive strategy.
  - Using value chain in competitive strategy.
  - Using the Ansoff matrix of product- market strategies.
  - Applying method of growth.
  - Analysis global factor's influences to strategy formulation.
  - Applying benchmarking.



# Chapter 4+5- Strategic Positioning

## Contents

- Corporate Appraisal
- Gap Analysis
- Monitoring Competitors
- Competitive Strategies
- Value Chain in Competitive Strategy
- Scenario Planning
- Direction of growth
- Method of growth
- Global Factors
- Benchmarking



# Chapter 4+5- Strategic Positioning

## Corporate Appraisal

### STRENGTHS

What are your business advantages?

What are your core competencies?

Where are you making the most money?

What are you doing well?

### WEAKNESSES

What areas are you avoiding?

Where do you lack resources?

What are you doing poorly?

Where are you losing money?

What needs improvement?

### OPPORTUNITIES

Any beneficial trends?

Niches that competitors are missing?

New technologies?

New needs of customers?

### THREATS

Obstacles to overcome?

Aggressive competitors?

Successful competitors?

Negative economic conditions?

Government regulation?

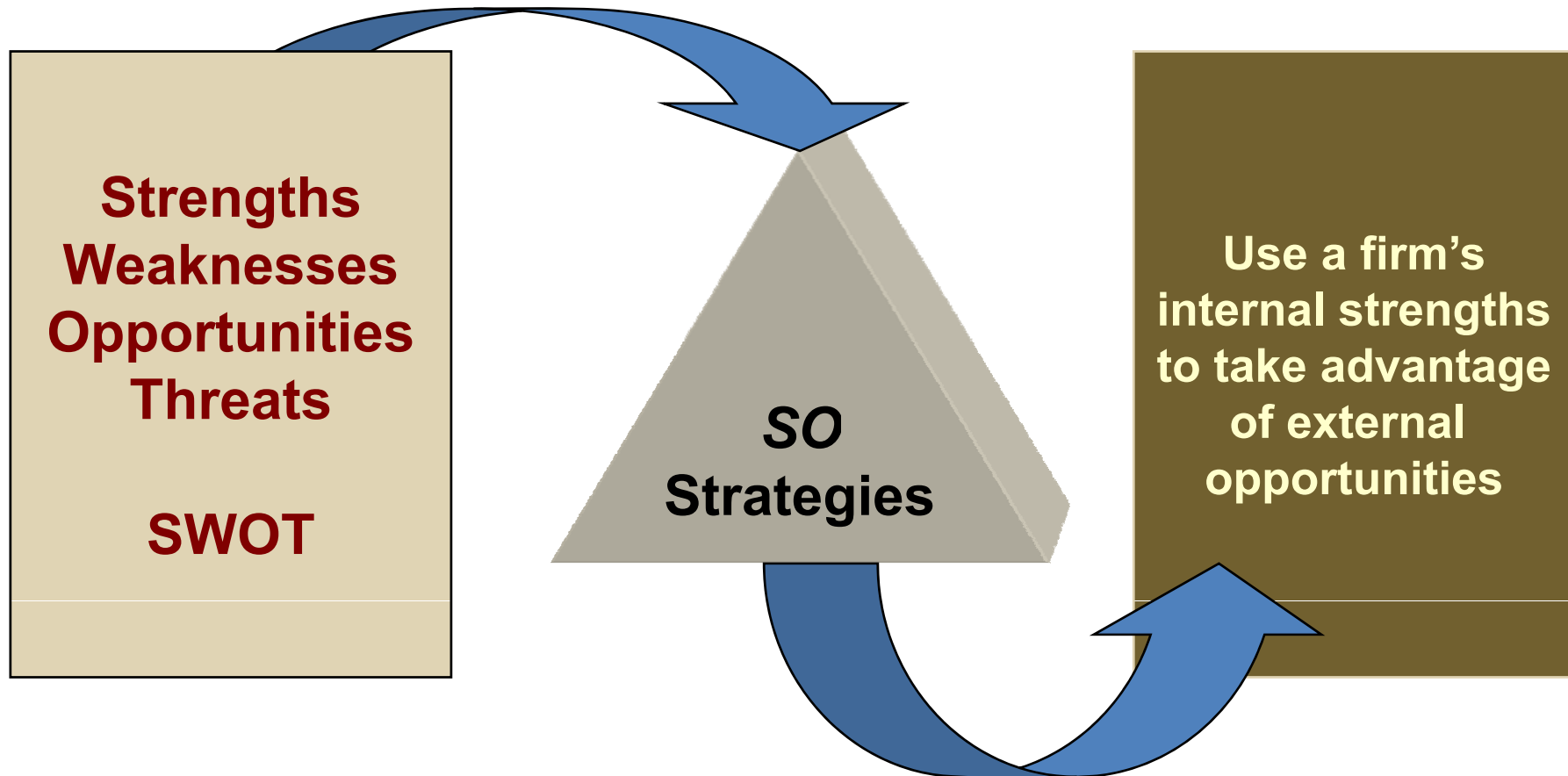
Changing business climate?

Vulnerabilities?



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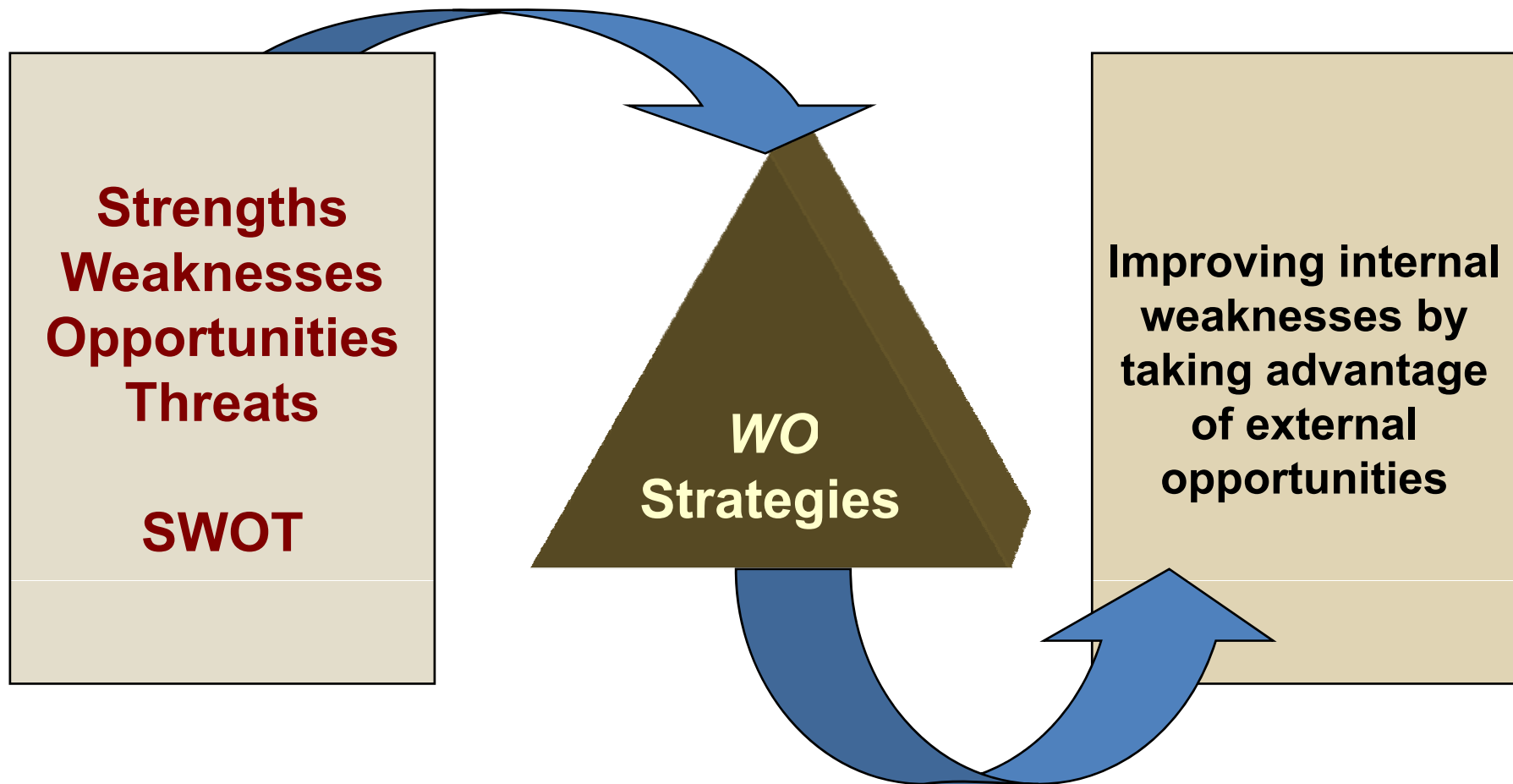
## Corporate Appraisal





# Chapter 4+5- Strategic Positioning

## Corporate Appraisal





# Chapter 4+5- Strategic Positioning

## Corporate Appraisal

<b>SWOT matrix</b>	<b>Strengths – S</b> <i>List Strengths</i>	<b>Weaknesses – W</b> <i>List Weaknesses</i>
<b>Opportunities – O</b> <i>List Opportunities</i>	<b>SO Strategies</b> <i>Use strengths to take advantage of opportunities</i>	<b>WO Strategies</b> <i>Overcoming weaknesses by taking advantage of opportunities</i>
<b>Threats – T</b> <i>List Threats</i>	<b>ST Strategies</b> <i>Use strengths to avoid threats</i>	<b>WT Strategies</b> <i>Minimize weaknesses and avoid threats</i>

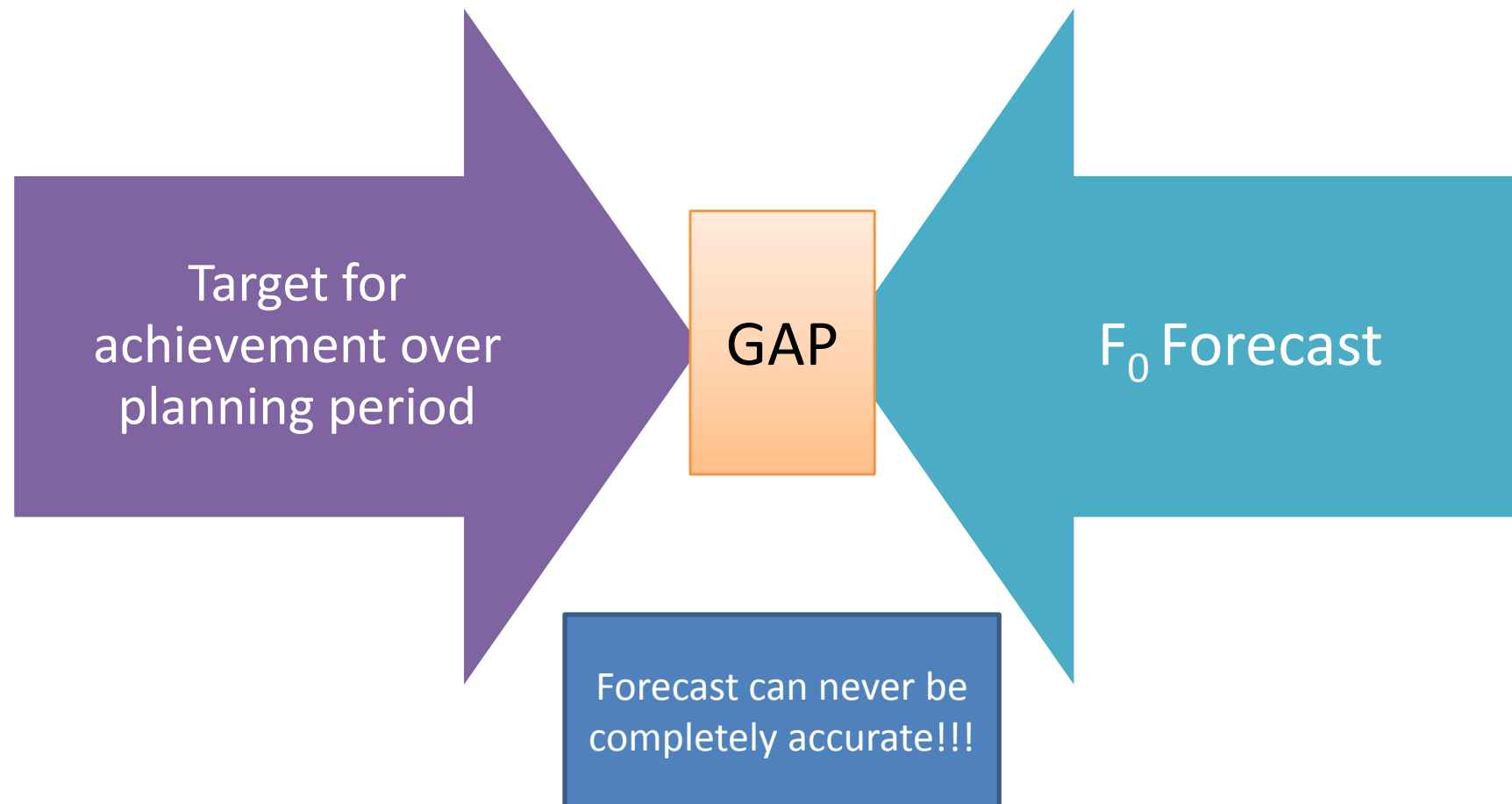




# Chapter 4+5- Strategic Positioning

## Gap Analysis

- *Gap analysis compares two things:*





## Chapter 4+5- Strategic Positioning Gap Analysis

- **[?] If your company set the target for next 5 year with sales at 100,000US\$ per quarter, however, if you have no change for your marketing, your sales will only be 90,000US\$ per quarter.**
- ***How can you solve this gap?***



# Chapter 4+5- Strategic Positioning

## Monitoring Competitors

### COMPETITOR IDENTIFICATION

#### Customer-Based Approaches

- Customer choices – What brand would you buy if your favorite was unavailable?
- Application associations – What applications? What brands for each application?
- What product substitutes?

#### Strategic Groups

- Pursue similar competitive strategies
- Have similar characteristics
- Have similar assets and competencies



# Chapter 4+5- Strategic Positioning

## Monitoring Competitors

### Assumptions

- What assumptions do our competitors hold about the future of industry and themselves?

### Current Strategy

- Does our current strategy support changes in the competitive environment?

### Future Objectives

- How do our goals compare to our competitors' goals?

### Capabilities

- How do our capabilities compare to our competitors?



# **Chapter 4+5- Strategic Positioning**

## **Monitoring Competitors**

### Competitor actions

- Image and Positioning**
- Objectives and Commitment**
- Current and Past Strategies**
- Organization and Culture**
- Cost Structure**
- Exit Barriers**
- Strengths and Weaknesses**
- Size, Growth & Profitability**



# **Chapter 4+5- Strategic Positioning**

## **Monitoring Competitors**

### **Competitors analysis- Response**

1. What will our competitors do in the future?
2. Where do we have a competitive advantage?
3. How will this change our relationship with our competition?



# Chapter 4+5- Strategic Positioning

## Competitive Strategies

	Cost Leadership	Differentiation	Focus
<i>Product Differentiation</i>	Low (principally by price)	High (principally by uniqueness)	Low to high (price or uniqueness)
<i>Market Segmentation</i>	Low (mass market)	High (many market segments)	Low (one or a few segments)
<i>Distinctive Competency</i>	Manufacturing and materials management	Research and development, sales and marketing	Any kind of distinctive competency



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## Competitive Strategies

	Offers products to only one group of customers	Offers products to many kinds of customers
Offers low-priced products to customers	Focused Cost-Leadership Strategy	Cost-Leadership Strategy
Offers unique or distinctive products to customers	Focused Differentiation Strategy	Differentiation Strategy





## Chapter 4+5- Strategic Positioning Competitive Strategies

- Cost-leadership strategy success is affected by:
  - Competitors producing at equal or lower costs.
  - The bargaining strength of suppliers.
  - Powerful buyers demanding lower prices.
  - Substitute products moving into the market.
  - New entrants overcoming entry barriers.



## Chapter 4+5- Strategic Positioning Competitive Strategies

- Differentiation strategy success is achieved through:
  - An emphasis on product or service quality.
  - Innovation in providing new features for which customers will pay a premium price.
  - Responsiveness to customers after the sale.
  - Appealing to the psychological desires of customers.



## Chapter 4+5- Strategic Positioning Competitive Strategies

- Differentiation strategy success is affected by:
  - Competitors imitating features and services.
  - Increases in supplier costs exceeding differentiator's price premium.
  - Buyers becoming less brand loyal.
  - Substitute products adding similar features.
  - New entrants overcoming entry barriers related to differentiator's competitive advantage.



## Chapter 4+5- Strategic Positioning Competitive Strategies

- **Focus strategy** success is affected by:
  - Competitor entry into focuser's market segment.
  - Suppliers capable of increasing costs affecting only the focuser.
  - Buyers defecting from market segment.
  - Substitute products attracting customers away from focuser's segment.
  - New entrants overcoming entry barriers that are the source of the focuser's competitive advantage.



## **Chapter 4+5- Strategic Positioning Competitive Strategies**

- [?] Think about your company, which strategy should be applied? Explain the reasons.

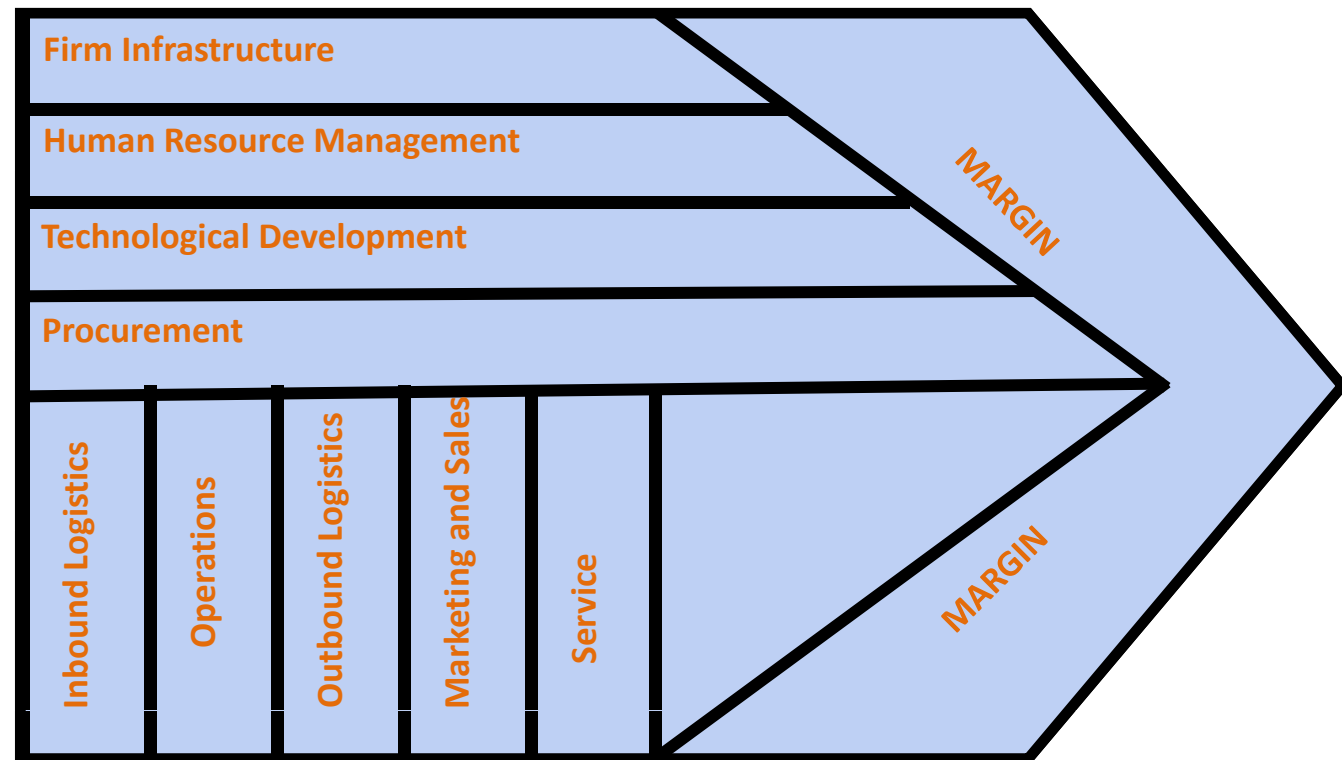


# Chapter 4+5- Strategic Positioning

## Value Chain in Competitive Strategy

Support  
Activities {

How to apply  
value chain  
for two star  
hotel and five  
stars hotel?



}  
Primary  
Activities



## Chapter 4+5- Strategic Positioning Scenario Planning

- Scenario Analysis is a tool that helps you develop resilient/flexible strategies for your company. It is a means to explore multiple outcomes to complex or rapidly changing competitive situations, determine the implications of each potential outcome, and set effective future strategies.





# Chapter 4+5- Strategic Positioning

## Scenario Planning

[?] Forecast  
at least two  
scenarios for  
your  
company  
industry.

1- Decide on drivers for change

2- Bring drivers together into a  
viable framework

3- Produce mini scenarios (7-9)

4- Group mini scenarios (2-3)

5- Write the scenarios

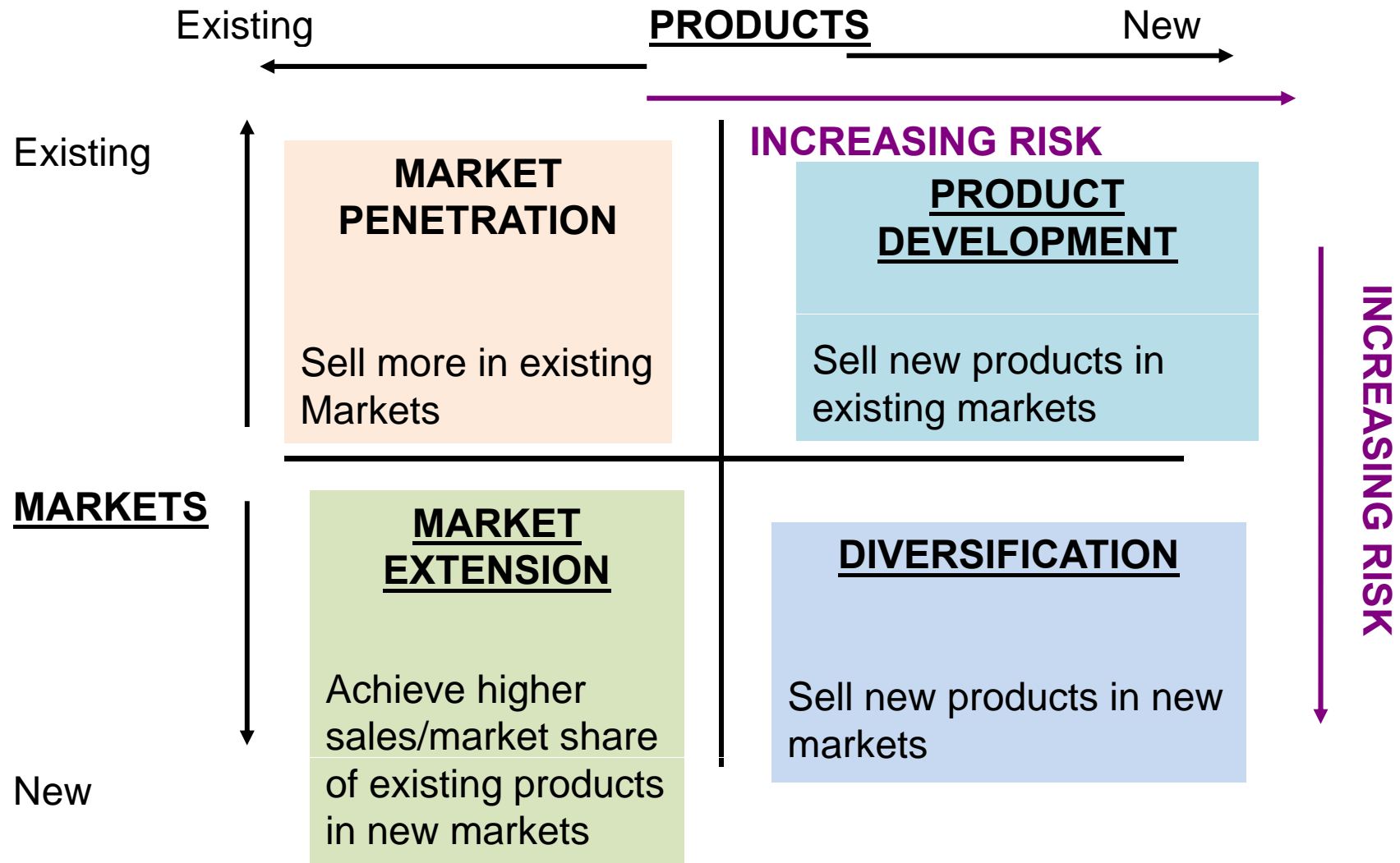
6- Identify issues arising





# Chapter 4+5- Strategic Positioning

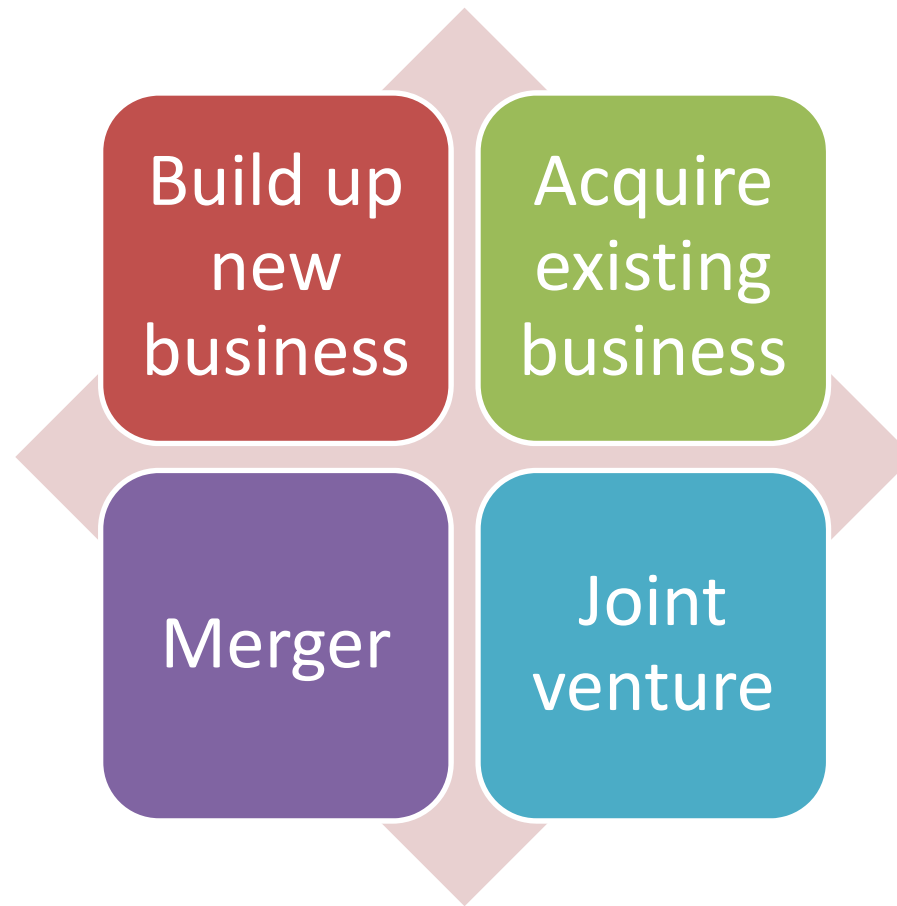
## Product- market strategy- Direction of Growth





# Chapter 4+5- Strategic Positioning

## Product- market strategy- Methods of Growth





# Chapter 4+5- Strategic Positioning

## Global factors

- Drivers for globalization:
  - Financial factors
  - Country/ continent alliances
  - Legal factors
  - Stock markets
  - Protectionist measures:
    - Quotas
    - Import bans
    - Restrictions
    - Tariffs
    - Technical standards...



# Chapter 4+5- Strategic Positioning

## Global factors

- Globalization impacts:
  - Global competition and customers
  - Science and technology developments
  - M&A, alliances
  - New customer value and behaviour
  - New scrutiny/ inspection by government
  - Deregulation
  - Business practices (outsourcing)
  - The social and business relationship...



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## Global factors

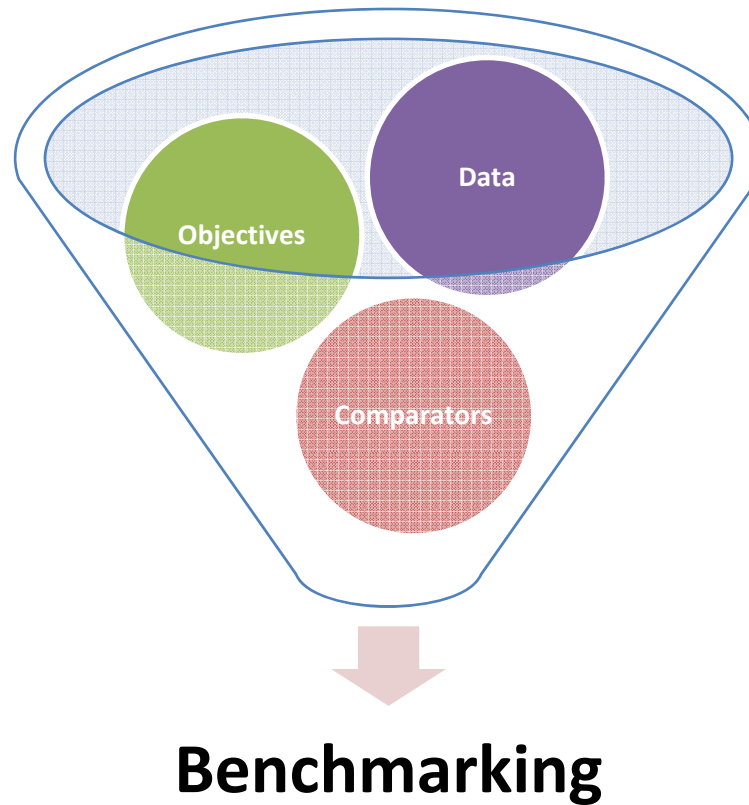
- Effects from Globalization:
  - Incoming competition
  - Abroad competition
  - Abroad Investment
  - Finance from oversea

[?] How do you take advantages from globalization?



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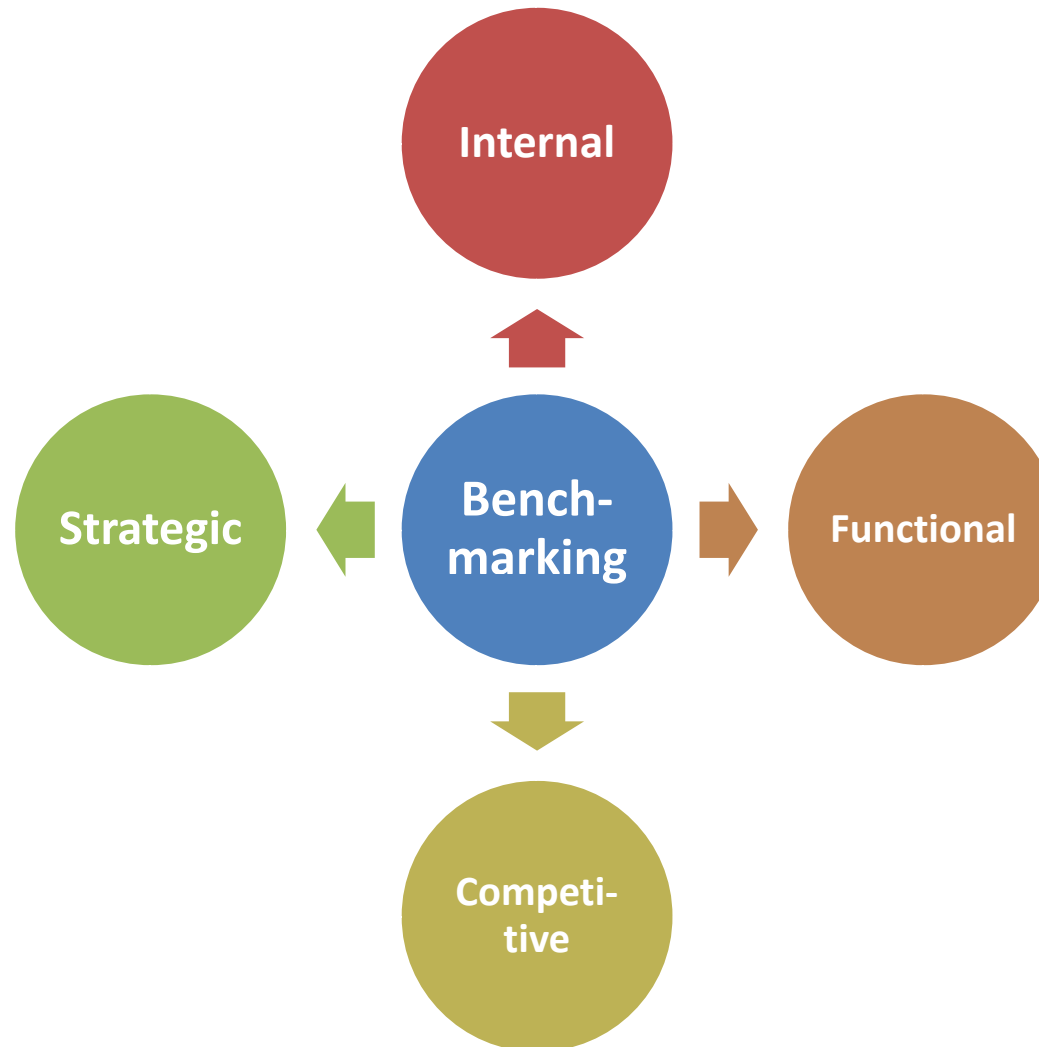
## Benchmarking





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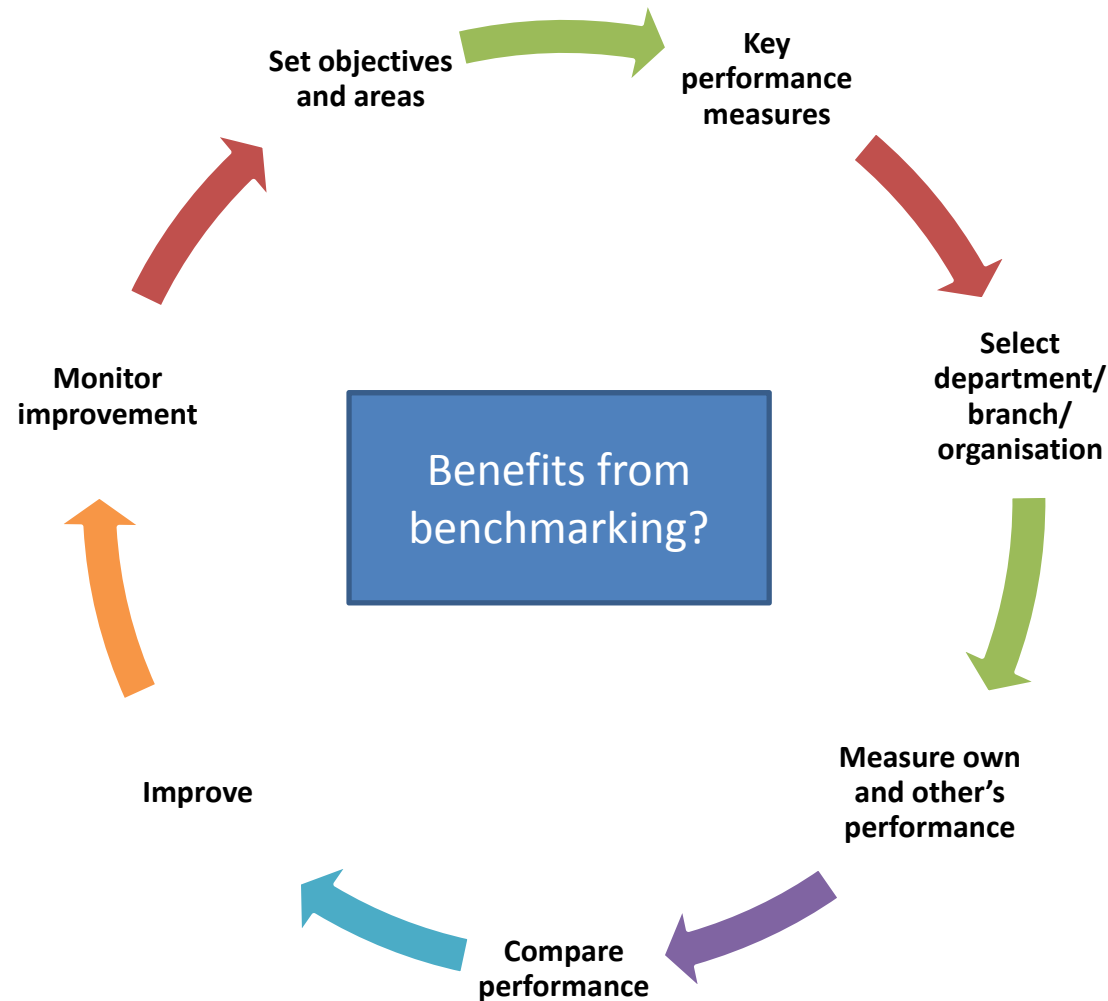
## Benchmarking





# Chapter 4+5- Strategic Positioning

## Benchmarking







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