

1

The 1975 Fortune 500 lists huge, respected corporations such as Esmark, Gulf & Western, Polaroid, and Singer that have essentially vanished. They didn't vanish overnight and they didn't vanish voluntarily. Even some survivors from 1975 are studies in falling short rather than flying high. Sears, Roebuck was founded in 1893 and moved into the Sears Tower in 1973, when Wal-Mart was a corporate toddler. Today, Wal-Mart is five times the size of Sears, and Sears has left the building.

Mark Chussil

Chussil, M. (2005). With all this intelligence, why don't we have better strategies? Journal of Business Strategy, VOL. 26 NO. 1, pp. 26-33.

2

Fortune top 100

■ 2007	■ 1997	■ 1995
1. Wal-Mart - United States (retail)	1. GM	1. Mitsubishi (NA)
2. ExxonMobil - United States (oil)	2. Ford	2. Mitsui (NA)
3. Royal Dutch Shell - Netherlands/United Kingdom (oil)	3. Exxon	3. Itochu (NA)
4. BP - United Kingdom (oil)	4. Wal-Mart	4. Sumitomo (NA)
5. General Motors - United States (automobiles)	5. GE	5. General Motors
6. Toyota Motor Corporation - Japan (automobiles)	6. IBM (NA)	6. Marubeni (NA)
7. Chevron - United States (Oil)	7. AT&T (NA)	7. Ford motors
8. DaimlerChrysler - Germany (automobiles)	8. Mobil	8. Exxon
9. ConocoPhillips - United States (Oil)	9. Chrysler (NA)	9. Nissho Iwai (NA)
10. Total - France (oil)	10. Altria (NA)	10. Royal Dutch Shell

FORTUNE GLOBAL 500
<http://money.cnn.com/magazines/fortune/global500/index.html>

3

Kotler on marketing

Poor firms ignore their competitors;

Average firms copy their competitors;

Winning firms lead their competitors.



Market Dynamics & Competitive Strategies

Dr. Paurav Shukla

The slide features a dark background with a grid pattern. On the right side, there is a large, semi-transparent play button icon. Below the play button, the word 'UP' is written in a light, sans-serif font. The overall aesthetic is professional and modern.

5

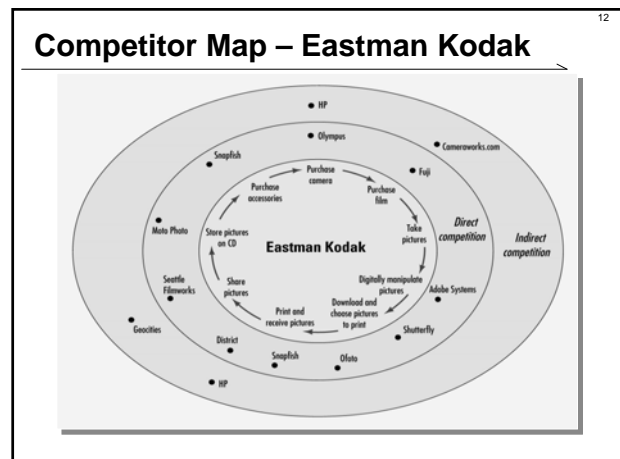
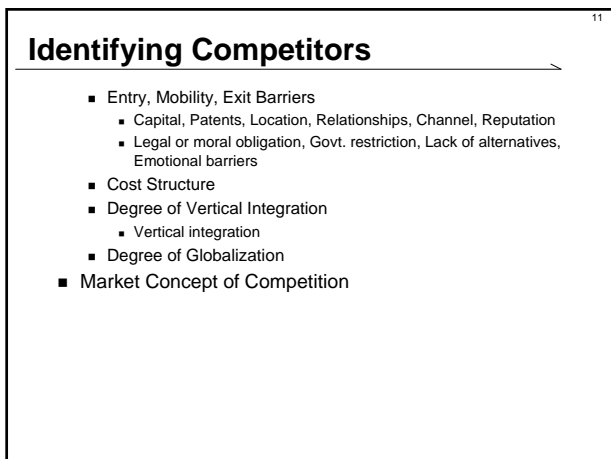
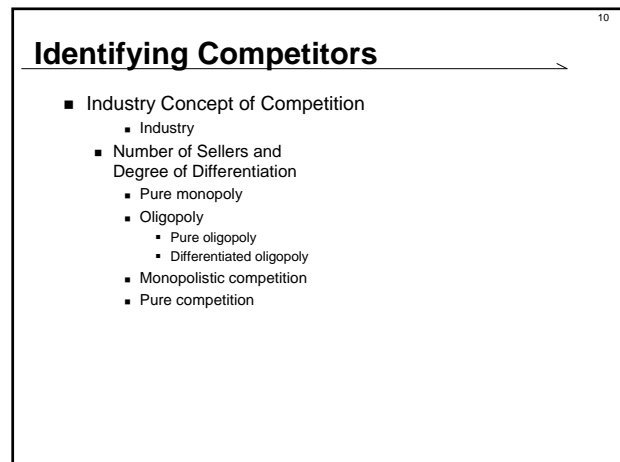
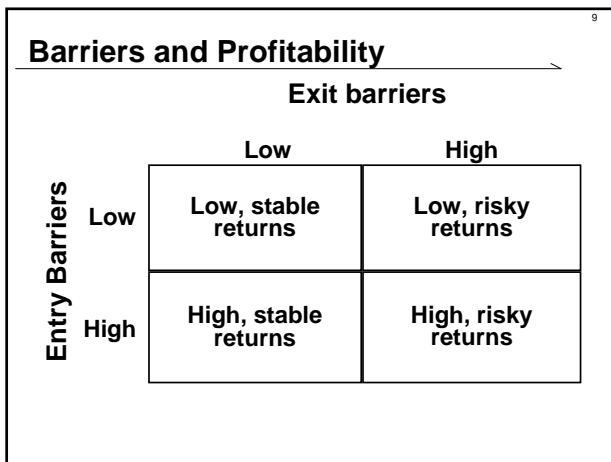
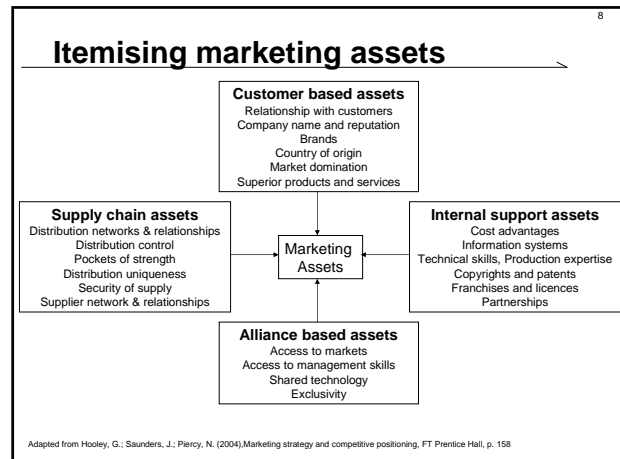
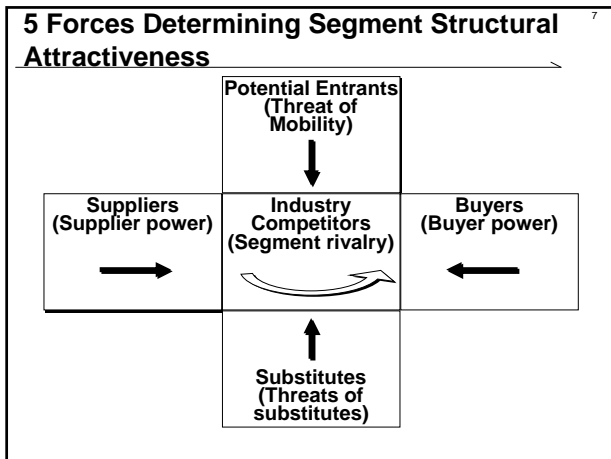
Session Objectives

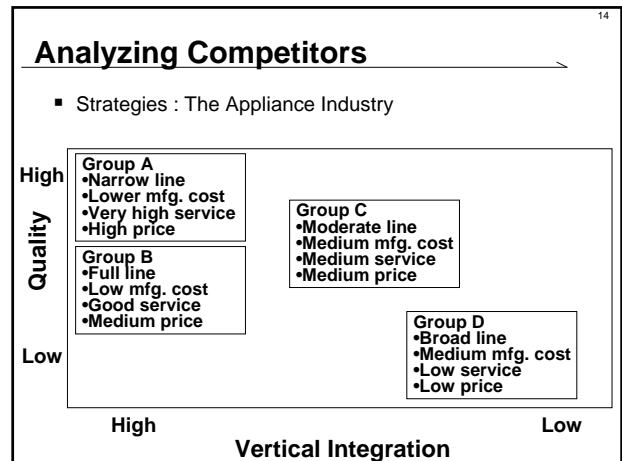
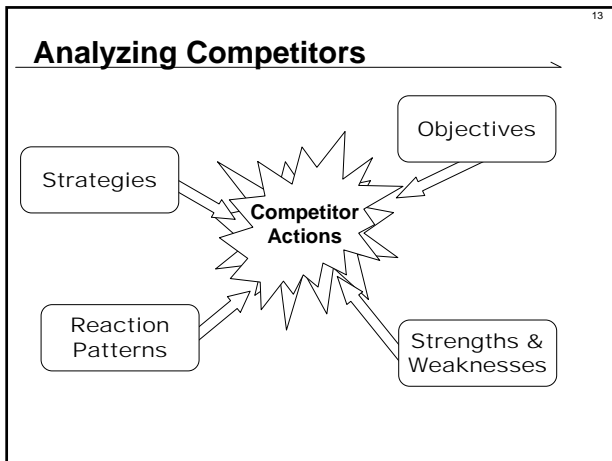
- Understanding PLC and its weaknesses
- Who the primary competitors are
- How to ascertain their strategies, objectives, strengths and weaknesses, and reaction patterns
- How to design a competitive intelligence system
- Whether to position as market leader, challenger, follower, or nicher
- How to balance a customer versus competitor orientation

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The Cycle of Confusion

- PLC
 - Undefined concept
 - No common shape
 - Unpredictable turning points
 - Unclear implications
 - Not exogenous
 - Product oriented not marketing oriented

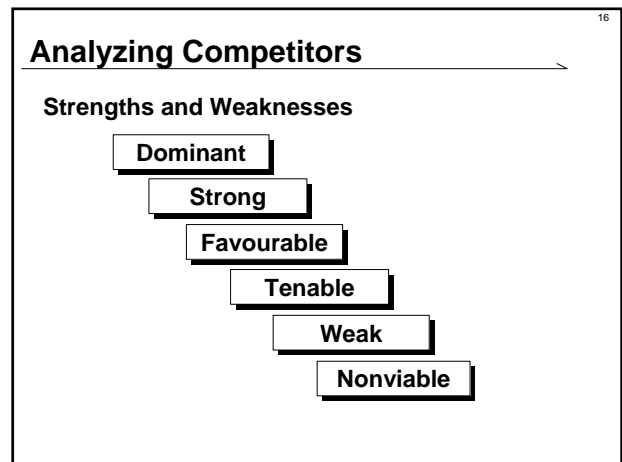




Analyzing Competitors

Objectives
Understanding Competitors Expansion Plans

Products	Markets		
	Individual Users	Commercial & Industrial	Educational
Personal Computers	Dell →		
Hardware Accessories	↓		
Software			



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

- Analyzing Competitors**
- Reaction Patterns
 - The Laid-Back Competitor
 - The Selective Competitor
 - The tiger Competitor
 - The stochastic Competitor

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Designing Competitive Intelligence System

■ Major Steps in Customer Value Analysis:

1. Identify the major attributes customers value.
2. Assess the quantitative importance of the different attributes.
3. Assess the companies' and competitors' performances on the different customer values against their rated importance.
4. Examine how customers in a specific segment rate the company's performance against a specific major competitor on an attribute-by-attribute basis.
5. Monitor customer values over time.

Bachmann, J. (2002). Competitive strategy: It's O.K. to be different, Academy of Management Executive, May, 16 (2), pp. 61-67.
DeSarbo, W. S., K. Jedidi, and I. Sinha (2001). "Customer value analysis in a heterogeneous market," Strategic Management Journal, 22 (9), 845-57.
Stahl, M. J., W. K. Barnes, S. F. Gardial, W. C. Parr, and R. B. Woodruff (1999). "Customer-value analysis helps hone strategy," Quality Progress, 32 (4), 53-58.

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Customer Lifetime Value

Average transaction value
x
Yearly frequency of purchase
x
Customer life expectancy

$$Value = \int_{k=0}^{\infty} \int_{t=k}^{\infty} n_k m_{t-k} e^{-ik} e^{-\left(\frac{1+i-r}{r}\right)(t-k)} dt dk - \int_{k=0}^{\infty} n_k c_k e^{-ik} dk$$

Gupta, S., Donald Lehmann & Jennifer Stuart (2004), Valuing Customers, Journal of Marketing Research

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Hypothetical Market Structure & Strategies

Market leader	Market challenger	Market follower	Market nicher
40%	30%	20%	10%
Expand Market Defend Market Share Expand Market Share	Attack leader Status quo	Imitate	Specialize

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Defense Strategies

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Attack Strategies

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Specific Attack Strategies

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

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“Nicheanship”

- 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

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Upstart vs. Incumbent

- Incumbent
 - Experience
 - Infrastructure
 - Capital
 - Relationships
 - Brands
 - Economies of scale
 - Data, and more.
- Upstart
 - Qualitative shift in how to use numbers
 - How to generate strategic ideas
 - How to align individuals' and corporate goals

Chussil, M. (2005). With all this intelligence, why don't we have better strategies? *Journal of Business Strategy*, VOL. 26 NO. 1, pp. 26-33.

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Some really interesting papers

- Adner, R. and P. Zemsky (2006), "A demand-based perspective on sustainable competitive advantage," *Strategic Management Journal*, 27 (3), 215-39.
- DeSarbo, W. S., R. Grewal, and J. Wind (2006), "Who competes with whom? A demand-based perspective for identifying and representing asymmetric competition," *Strategic Management Journal*, 27 (2), 101-29.
- Javalgi, R. G., L. P. Radulovich, G. Pendleton, and R. F. Scherer (2005), "Sustainable competitive advantage of internet firms - A strategic framework and implications for global marketers," *International Marketing Review*, 22 (6), 658-72.
- Popma, W. T., E. Waarts, and B. Wierenga (2006), "New product announcements as market signals: A content analysis in the DRAM chip industry," *Industrial Marketing Management*, 35 (2), 225-35.
- Rhee, M. and S. Mehra (2006), "Aligning operations, marketing, and competitive strategies to enhance performance: An empirical test in the retail banking industry," *Omega-International Journal of Management Science*, 34 (5), 505-15.