

Digital Strategies for Business Transformation (Online)

Module 4: Domain 2: Competition

Quick Reference Guide

Learning Outcomes

1. Identify asymmetric competitors for a chosen business or industry.
2. Assess asymmetric competitors using the competitive value train tool.
3. Describe lessons learned from using the competitive value train to analyze your asymmetric competitors.

Asymmetric Competitors for a Chosen Business or Industry

Symmetric competitors are those that:

- Have a competing value proposition
- Have the same business model

Example: Honda, Ford, General Motors, and Tesla versus Toyota

Asymmetric competitors are those that:

- Have a competing value proposition
- Have different business models

Example: The investments, skill sets, technologies, revenue model, and profit engine of Uber are different than Toyota

Competition in the digital era is shifting from competing with similar organization to competing for leverage with the same organization that helped you create and deliver value to the ultimate consumer.

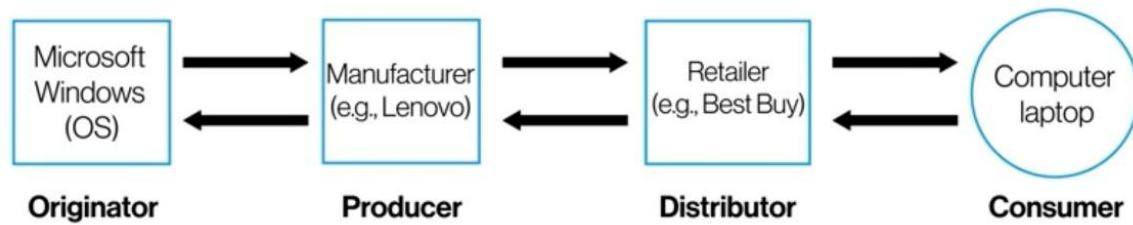
Asymmetric Competitors Using the Competitive Value Train Tool

Competitive value train helps you to understand:

- The mix of competition and cooperation between businesses who are your partners
- Who has more leverage and can capture the most value from delivering a product and service to its ultimate customer

Creating a competitive value train with the example of a computer laptop purchaser:

- It starts with the consumer on the right side
- On the left is the final distributor who delivers the finished product or service to the consumer
- On the left is the producer who creates the product or service
- Upstream on the left is the originators of the critical and essential ingredient of the finished product



The competitive value train helps you to answer these questions:

- What is the current state of your industry?
- Who are the different players?
- What is the value each one is adding?
- Who has the most leverage?

Application of Value Train: Disintermediation

It is where new digital business models or innovations allow one organization to disintermediate another or cut out the middleman.

For example:

- With the emergence of streaming services and the demand for a direct consumer streaming experience, television networks decided to disintermediate cable company distributors.
- A strategic play by the search engines is that they gave the option to buy the ticket directly from them. Google cut out the online travel agency and went straight to the airline.

Application of Value Train: Intermediation

Intermediation occurs where a new entrant with a new business model inserts itself into an existing value train.

For example:

- Mobile wallets and apps have inserted themselves between the credit card and purchaser, where the bank is the originator and the purchaser is the consumer and created a seamless, easy to use experience.
- Facebook inserted itself in the competitive value train of the newspaper industry by making it a priority to include news content in its feed. It brought a lot of audience to the news publishers and helped them reach more people.

Rules of Power in a Value Train

- Power tends to go to any unique value creator, which is the organization that fills this role in the value train will have more power
- Power tends to go to the edges

Assess Asymmetric Competitors Using the Competitive Value Train Tool

Analyze competitors by finding out:

- What the current competitive value train is
- Who are the players in the existing business model

Competitive value train helps to assess:

- Threats and opportunities posed by new entrants
- Where new entrants fit into the existing competitive value train

Competitive value train for the insurance industry:

- In these business models, the organizations are taking on the role of the primary insurer.
- They compete directly with the primary insurer.

By understanding the business model and finding how it would fit into the competitive value train, existing players can think about their strategic responses while there is still time to plan for the future.

Lessons Learned From Using the Competitive Value Train to Analyze Your Asymmetric Competitors Access Strategy

The competitive landscape is more complex and fluid than ever before. Organizations may compete directly in a few areas and collaborate effectively in others. Meanwhile, new entrants to the market create both opportunities and threats constantly.

The competitive value train brings welcome structure to this flux. Using this tool, you will apply what you have learned to spot intermediaries, identify disintermediation, and analyze a number of players in an industry.

The Competitive Value Train accurately:

- Identifies the ultimate customer
- Identifies the final distributor to the ultimate customer
- Identifies the producer of the finished offering
- Identifies any upstream originators that provide essential input
- Identifies and categorizes new entrants
- Describes the opportunities and threats for most of the new entrants identified.

The Challenges of Managing Competition

Channel conflict: an existing organization is exploring new strategies that conflict with the existing sales and distribution channels.

Zero sum mentality: many leaders still view competition as a win-lose scenario. However, this simplistic view doesn't reflect the complexity of modern competition, where multiple players can thrive and grow simultaneously.

Mindset shift: when organizations collaborate, they must remain open to others and willing to sometimes relinquish control.