

Chapters Covered So Far

- ▶ Fundamentals of Marketing
 - ▶ Marketing definition, goals, process, marketing management, criticism.
- ▶ Marketing Environment
 - ▶ Internal, external, micro, and macro environment, responding to marketing environment.
- ▶ Consumer Buying Behavior
 - ▶ Market segmentation, factors affecting customers' behavior.
- ▶ Product
 - ▶ Different types of product, product life-cycle, product development process.

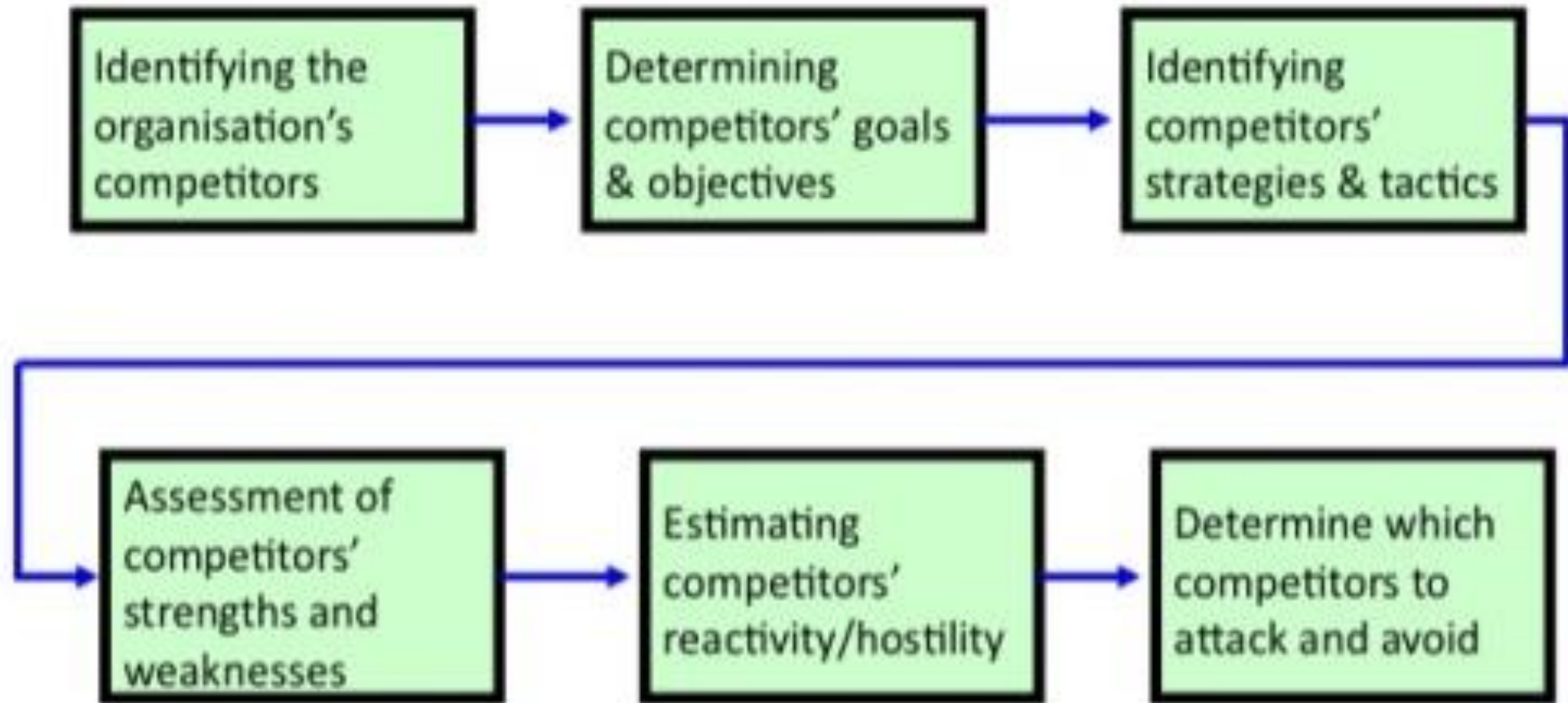


Chapter 5: Creating Competitive Advantage

What is Competitive Advantage??

- ▶ **Competitive advantage** refers to a set of factors or capabilities that enable the company to demonstrate better performance comparing to the competitors.
- ▶ Sustainable **competitive advantage** refers to maintaining a favourable position over the long term, which can help boost a company's image in the marketplace, its valuation and its future.

Steps in Analyzing Competitors



Types of Competitors

Direct competitors

- Same sector and same product
- Offer better value to gain customers

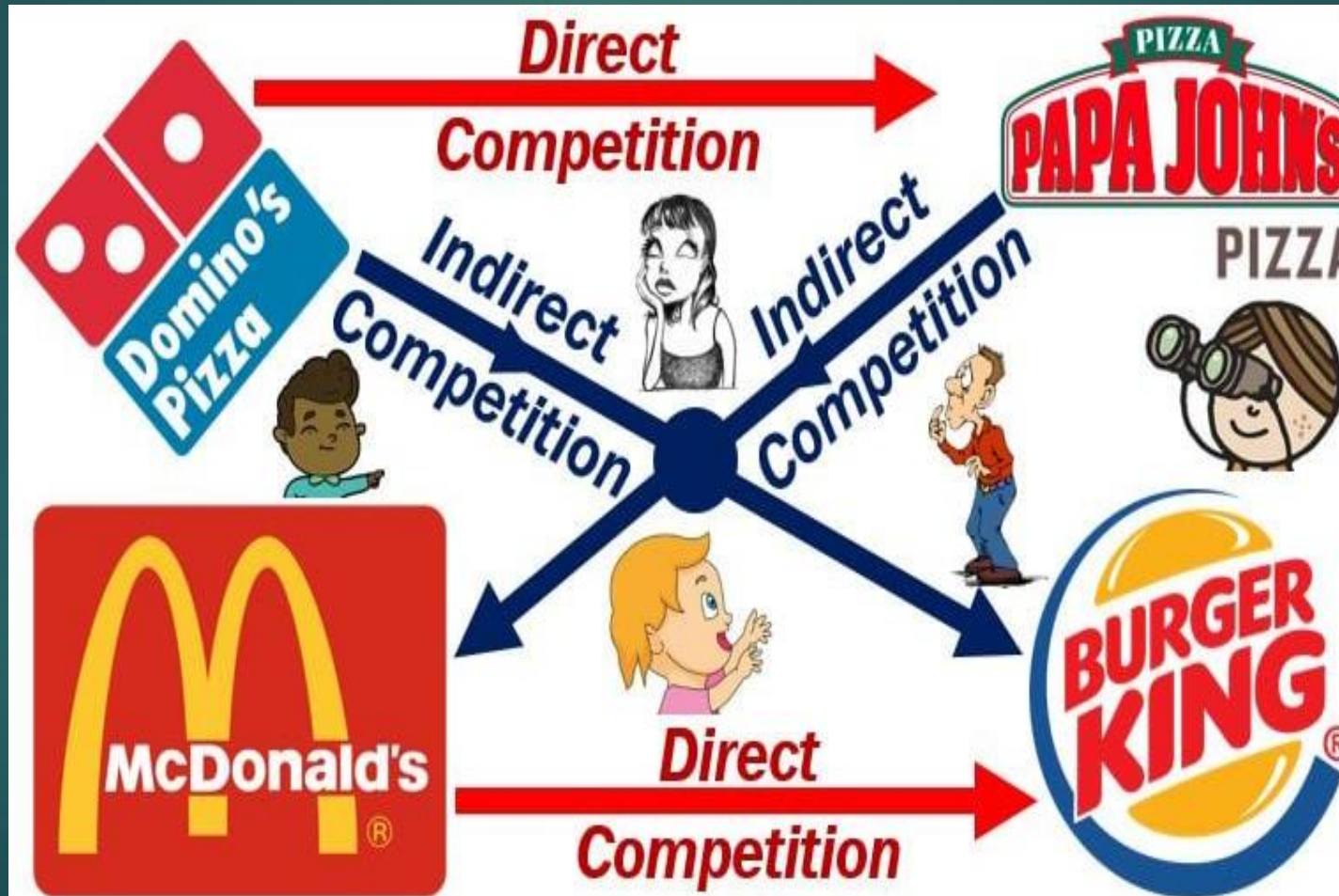
Indirect competitors

- Same sector different product
- Release offers and promotions to attract customers

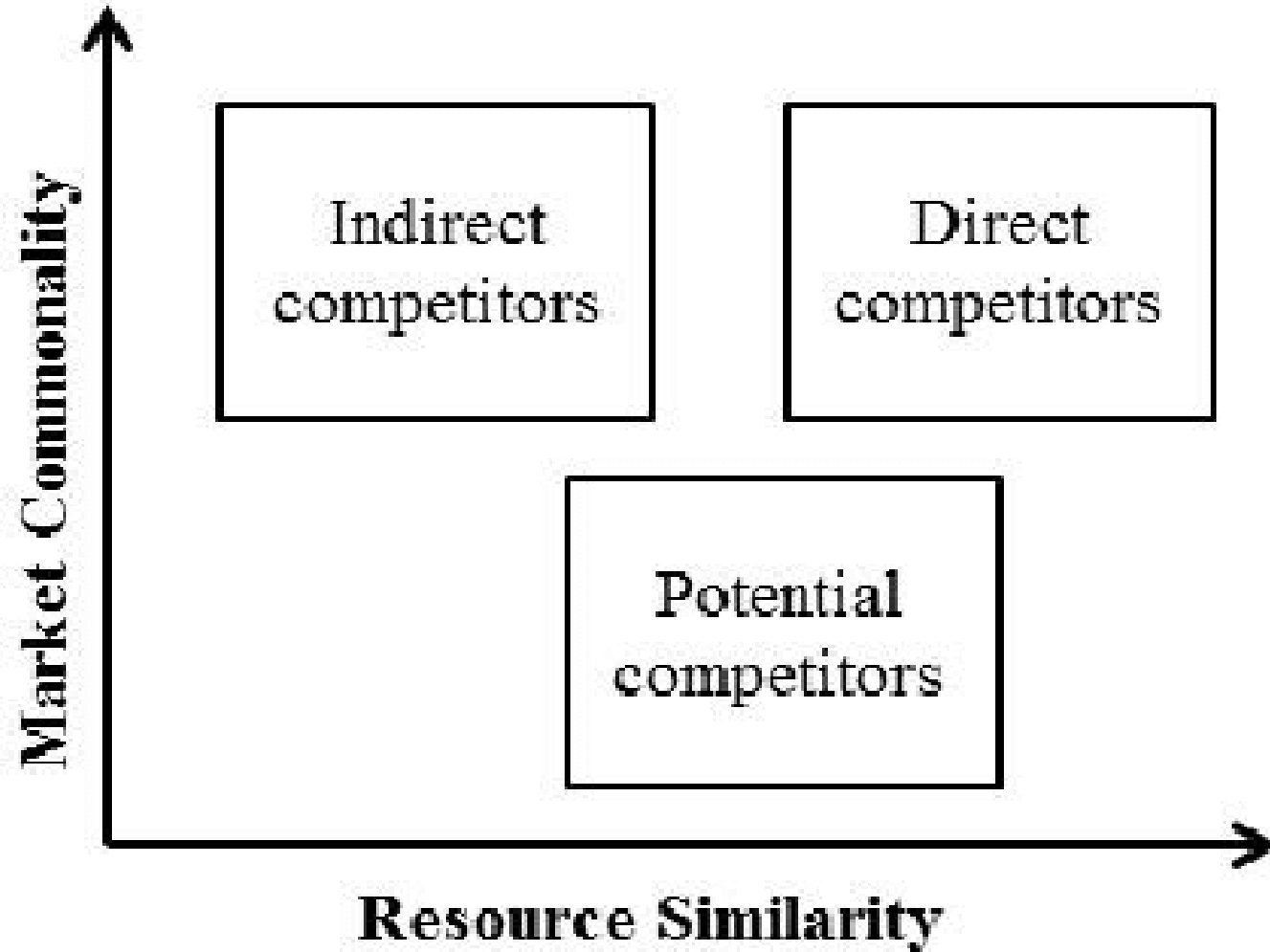
Phantom Competitors

- Different sector altogether
- Difficult to compete against as not connected to our sector

Direct vs. Indirect Competition



Competitors' Matrix



Customer Value Analysis: The Key to Competitive Advantage

- ▶ In analysing competitors and searching for competitive advantage, one of the most important marketing tools is customer value analysis.
- ▶ The aim of a customer value analysis is to:
 - ▶ determine the benefits that target customers value and
 - ▶ how they rate the relative value of various competitors' offers.

Steps in Customer Value Analysis

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

Competitive Strategies

- ▶ Having identified and evaluated the main competitors, the company must now design competitive marketing strategies that best position its offer against competitors' offerings.
- ▶ Michael Porter suggests four basic competitive positioning strategies that companies can follow — three winning strategies and one losing one. The three winning strategies are:
 - ▶ Overall cost leadership
 - ▶ Differentiation, and
 - ▶ Focus
- ▶ Michael Porter suggests not to play in the Middle of the Road.