



Strategic Management

Master IREN

2023

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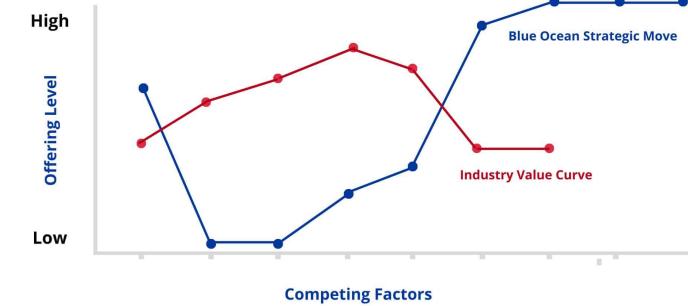


INSTITUT
POLYTECHNIQUE
DE PARIS

Session 4

Competition in a digital world

In previous sessions...



- Blue ocean strategy
- Winner-take-all effect
- Business model innovation / imitation
- Competitions between traditional firms and platforms..

”a whole vocabulary of winners and losers”

« The words we use influence how we think. For example, when we think about business, most of us would probably say “Business is War.” A company has to capture the market, beat the competition, make a killing, bury the competition. Using this metaphor, we have a whole vocabulary of winners and losers. Yet, in reality, that's often misleading. We may think there will be victors and vanquished in a price war, but in the end, no one wins.”

Nalebuff & Brandenburger, 1997

Rethinking strategic interactions

Is confrontation the only type of strategic interaction?



Xbox (Microsoft) developed a powerful ecosystems of video game studios over the time.

Competitive Advantage
vs
Collective Advantage

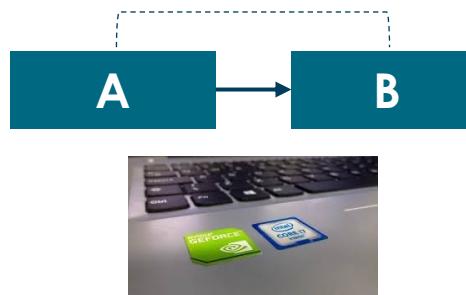


an organization's ability to manage alliances and partnerships better than its competitors

Strategic partnerships

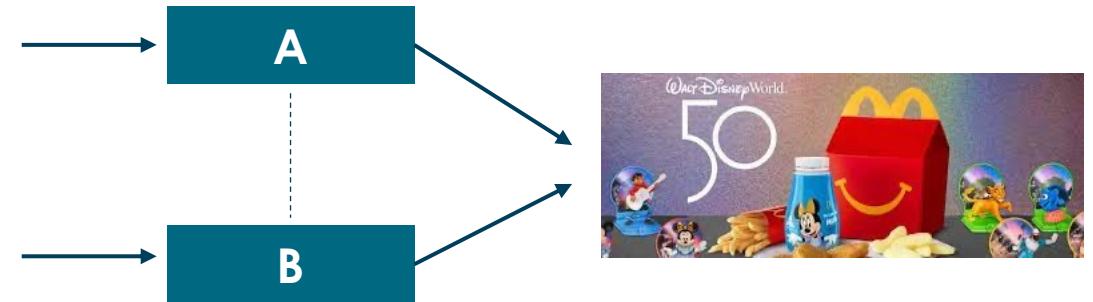
Collaboration of two firms

Outsourcing partnership



collaborate between organizations with supplier-customer relationships

Symbiotic partnership

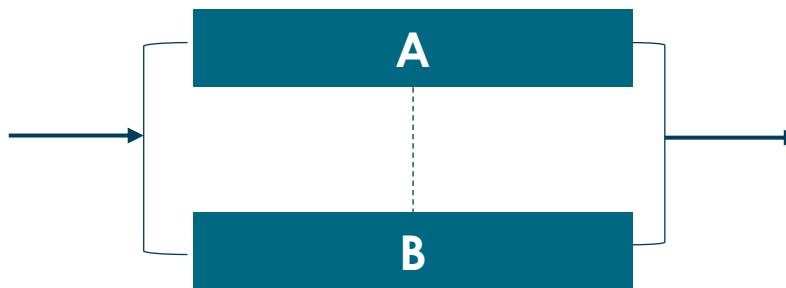


jointly operate a resource or customer base

Strategic Alliances

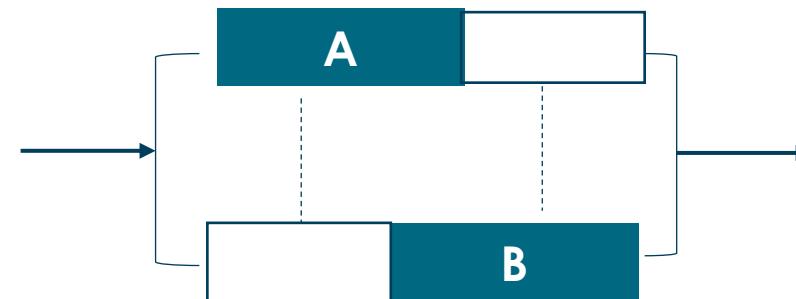
Collaboration of two competing firms

Supplementary alliances

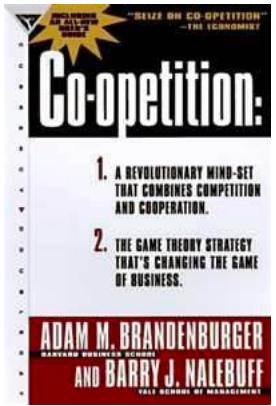


AIRBUS

Complementary alliances



Pfizer **BIONTECH**



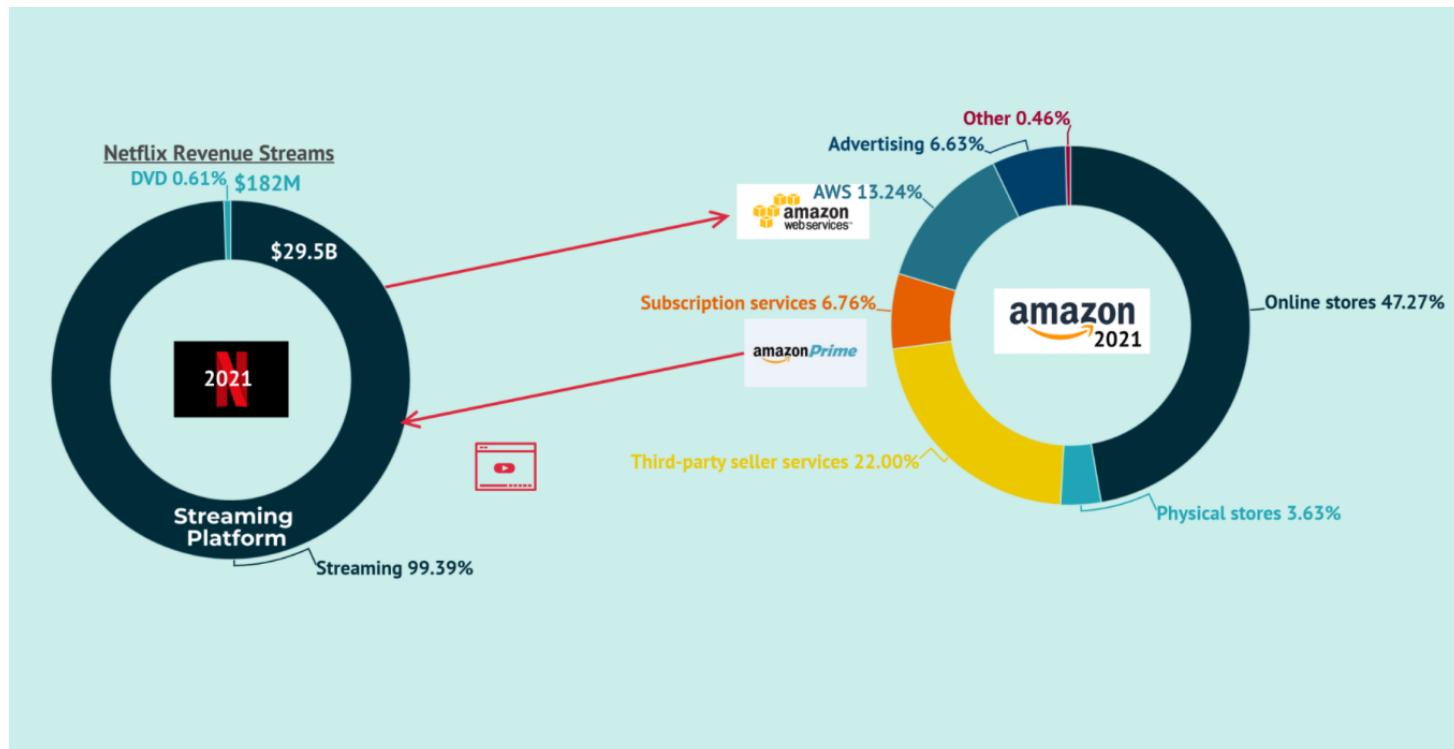
1996

Coopetition – or cooperative competition

"You have to compete and cooperate at the same time".
Ray Norda, CEO Novell

A mix between competition and cooperation

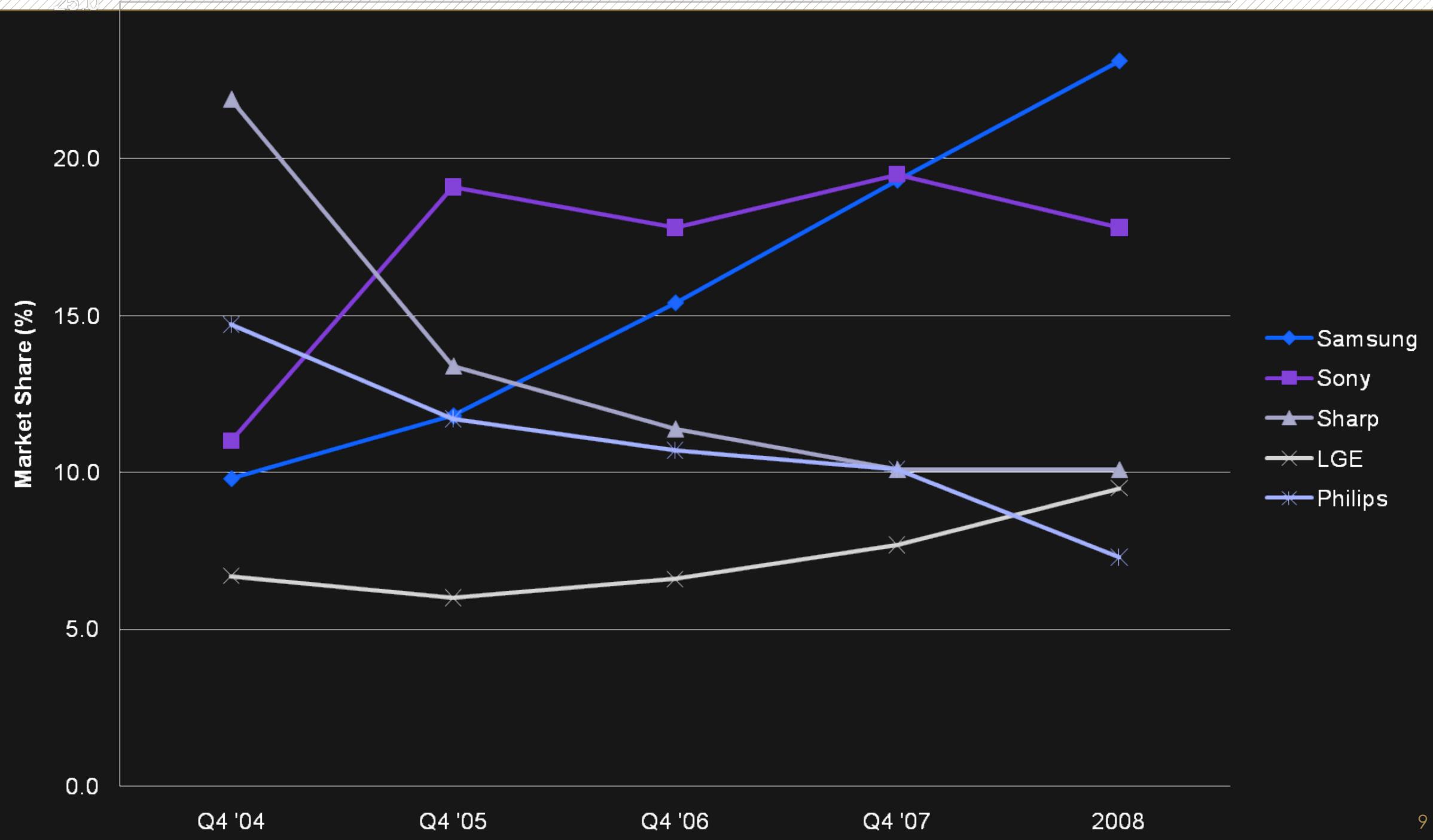
- Structural: e.g. joint venture, consortiums
- Temporal: e.g. project based cooperation
- Contextual: e.g. more complex



Coopetition between Samsung and Sony

- 2003, Sharp was leading in the flat screen market, Philips was second
- Sony and Samsung were challengers
- September 2003, they created the «JV S-LCD», they developed together the LCD technology.
- They partnered again late rfor new generations
- At the sametime, they were competing in commercialization





Key points

- Digitalization has enhanced competition between firms (cf platforms etc)
- The nature of strategic interactions also have changed (winner takes all, network effect, blue ocean).
- Competition is not the only strategic relationships which can exist between two firms
- There is a wide range of other types of relationships, based on alliances, partnerships, coopetition.
- It requires organizing whithin and between the firms

Group work