

- Generic strategies & combined strategies*

Generic strategies & combined strategies - what are they? What can they be used for?

Remember __Concept of competitive advantage__

Three generic strategies for abnormal profit - cost leadership, differentiation, focus

Focus - specialisation and focusing on one segment

Cost-leadership - In business strategy, cost leadership is establishing a competitive advantage by having the lowest cost of operation in the industry. Cost leadership is often driven by company efficiency, size, scale, scope and cumulative experience (learning curve).

Differentiation - Differentiation is a high risk strategy. You cannot differentiate if you do not have market presence.

CAC and CLV can be integrated by considering that dropping the price due to comparative advantage, the cost of acquiring a customer decreases and the customer lifetime value increases due to happier customers as of the lower price.

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- Combined strategies*

Corporate planning for simultaneous goal execution.

Simultaneous execution hinders focused execution to occur.

Usually, MNC create structures that allow them to conduct simultaneous and in some cases different strategies without necessarily putting each division at risk.

Often, Business create __SBU's__ for simultaneous goal execution. Geographic structuring is obviously also a thing, as are the division into similarly scaled variables.

SBU - Strategic Business Units

The above strategies provide the foundation upon which organisations can establish both, a comparative advantage, as well as defend against aggressive competition. Competitive advantage that is easily recreated, offers limited benefits to the company.