

Strategy and the Competitive Environment

BUSP022

Case study of John Lewis



INTRODUCTION

Case Introduction

- The well-known British department store chain John Lewis is renowned for its exemplary customer service and famous brands (Paranque and Willmott, 2014).
- The firm has faced challenges due to altering consumer preferences, competition from new competitors (Hardcastle, 2022).
- John Lewis has employed strategic initiatives like product/service diversification to keep up with the market competition.
- To reach new markets, expand one's customer base, and increase revenue, one should diversify their goods and services.
- The need to adapt to shifting client needs and outperform rivals drives the company's efforts to diversify.
- John Lewis intends to capitalize on its current brand reputation, customer loyalty, and operational competencies to succeed in new product/service areas.

Theoretical Model Definition

- The RBV (Resource-Based View) paradigm of the company is utilized
- RBV sees inwardness as the fundamental source of competitive advantage and sustained superior performance (Madhani, Pankaj M, 2009).
- Resources include physical assets, monetary assets, human capital, organizational capabilities, and intellectual property. RBV emphasizes the necessity of resource allocation and differentiation for competitive advantage (Madhani, Pankaj M, 2009).
- The potential of a resource to provide a competitive advantage is proportional to its VRIN (rarity, value, inimitability, and non-substitutability) characteristics (Nik et al., 2022).
- Using the RBV framework, we can determine if John Lewis' diversification efforts align with the company's strengths.
- John Lewis seeks to attain and maintain a sustainable competitive advantage (SCA) by capitalizing on its unique resources and capabilities.

Maintain SCA

- **Customer Attraction and Retention:** John Lewis's ability to attract new clients and retain existing ones is enhanced by the breadth and depth of its product and service offering (Sofia, 2020). Customers' preferences and requirements vary, so businesses should offer various goods and services.
- **Reduced Dependence on Single Markets:** Due to the company's strategic diversification, John Lewis is now less reliant on a single market or product line (Reuters, 2019). Diversification into new product/service categories may mitigate the risks of market volatility or declining demand in particular segments.
- **Increased Revenue Streams:** John Lewis earn more money due to the variety of products and services it offers for sale (Statistics, 2023). The business can diversify its income sources to avoid becoming excessively dependent on a single product line or market.
- **Cross-Selling and Upselling Opportunities:** John Lewis can take advantage of opportunities for Upselling and Cross-Selling due to the diversity of its product line (Global Data, 2023). Customers searching for furniture may also be interested in the store's cookware and wall art selection.

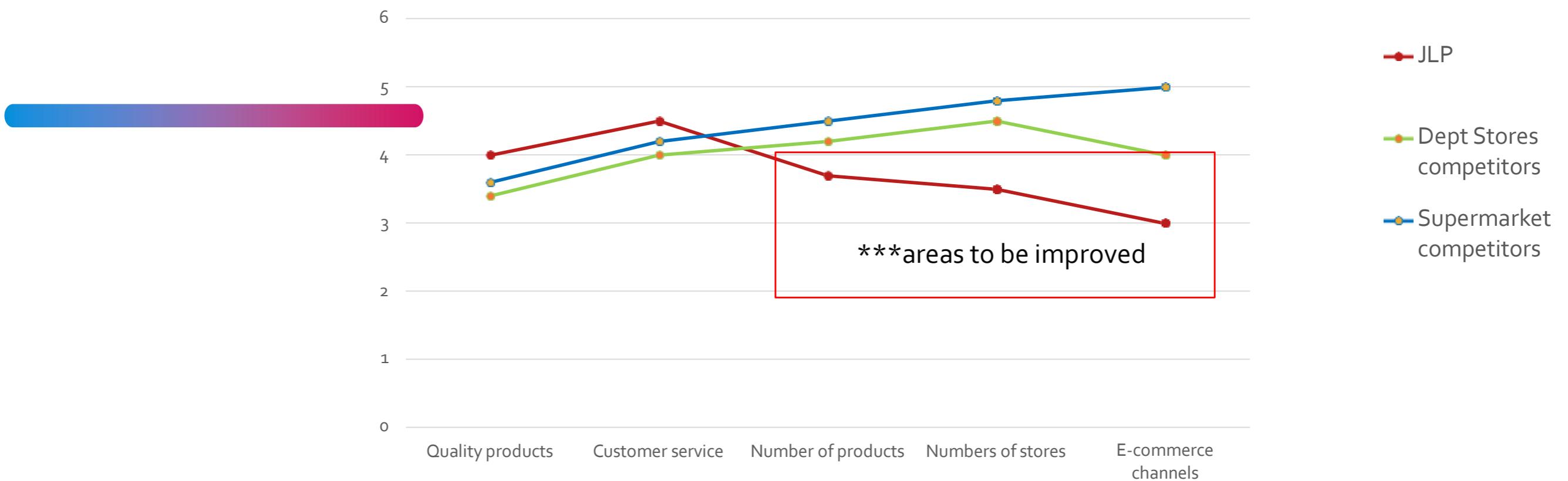
AVC (Analysis of Value Creation):

- **Value Proposition:** High-quality products, a wide selection, and a well-known commitment to clients make up John Lewis' USP. They put much effort into ensuring customers are satisfied because the success of their business depends on it.
- **Customer Relationships:** Customer connections with John Lewis are built on a solid foundation of dependability and trust. The company's partnership approach, staff ownership, and emphasis on customer satisfaction can be credited for its strong customer relationships.
- **Brand Reputation:** John Lewis is a well-known store with a sterling reputation for high-quality goods, dependable service, and ethical business practices. The brand's reputation supports consumer loyalty and trust.
- **Product Differentiation:** John Lewis sets itself apart from the competition by offering a wide range of products, some of which are the result of exclusive agreements or are otherwise inaccessible elsewhere. This distinguishes you from the competition, which is excellent for drawing in customers seeking something unique.

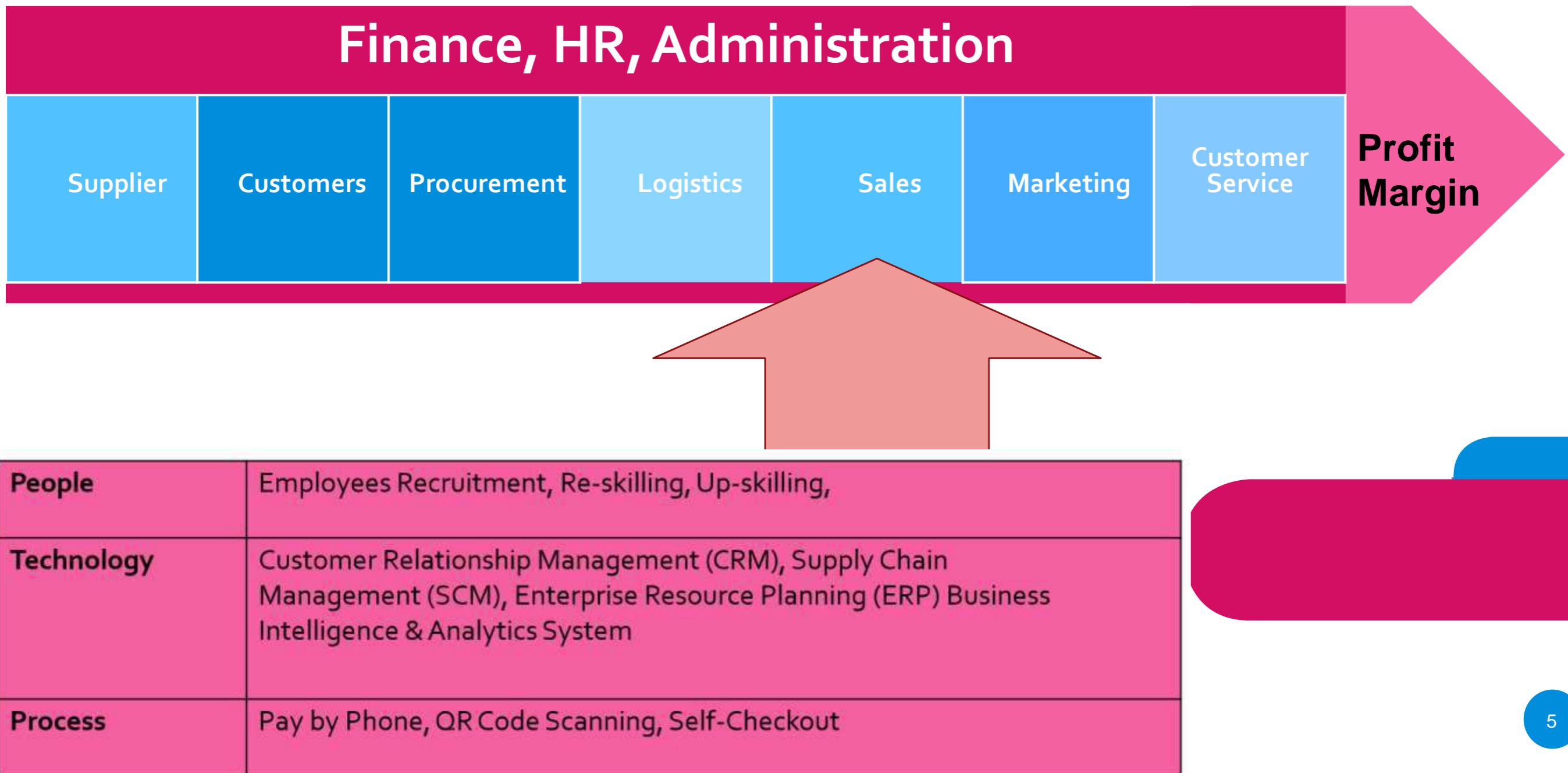
JLP and competitors

Strategy Canvas

JLP and competitors



VRIN Analyses



Conclusion



The AVC and VRIN analyses lay the groundwork for comprehending the competitive advantage and distinctive assets of John Lewis.

- John Lewis is well-established in the British retail market, especially in the department store and household goods sectors. Traditional brick-and-mortar stores and industry-leading online retailers like Amazon are among John Lewis's competitors. Marks & Spencer, Debenhams, and House of Fraser are in direct competition because they serve analogous customer bases.
- The innovative employee-owned partnership model of John Lewis distinguishes it from its competitors. When a company is structured this way, employees feel ownership and are likelier to go above and beyond for customers. This advantage is difficult for competitors to replicate.
- John Lewis is a well-known name in retail due to the high quality of its products and the integrity and morality of its business practices. Customers are more likely to recommend and return to a company with an established track record.
- In response to evolving consumer preferences, John Lewis has expanded its online presence and invested in Omni channel capabilities. As a result of implementing this strategy, the organization is now better equipped to meet the requirements of its customers across all distribution channels.
- Like other retailers, John Lewis must contend with competition from e-commerce giants such as Amazon and the economy's effects on consumer spending. Due to these hazards, the organization must constantly evolve and improve.

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Thank you