COMPETITIVE STRATEGY

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Ansoff matrix: growth strategies

		Products	
		Present	New
Markets	Present	Market Penetration	Product Development
	New	Market Development	Product / Market Diversification

Risk

ANSOFF STRATEGIES

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1. **Present markets/present products:** gain higher market share in existing markets using existing products. More resources are dedicated to marketing offering price discounts and better relationship with customers.
2. **Present markets/new products:** new products to current markets. It requires developing or acquiring new products or line expansion. These products need to be accepted by consumers and should not be too far away from the branding of the original product because this is what has created the product image in the past.
3. **New markets/present products:** New markets may be solely domestic or both domestic and global.
4. **New markets/new products:** With the increasing interest in emerging markets, companies have begun to target the specific needs of the emerging consumer. This strategy may not only result in new products for developed markets but may also benefit developed countries these innovations can be transferred back to. Companies now begin with their experience and knowledge of their customers in distant markets and use information to conceive, design and make a new, locally appropriate product from the ground up.

The Language of Resources and Capabilities

- **Resources:** inputs into a firm's operations so as to produce goods and services.

- **Capabilities:** are the capacity to do something and the ability to perform a task or activity that involves complex patterns of coordination and cooperation.

- **Core competencies:** is the degree of skill in using capabilities and resources to reach the fundamental goals of the company and create value that is central in company's strategy.

- **KSF (or critical SF)** are the combination of important elements (activities, procedures, etc.) that is required in order to accomplish one or more desirable business goals and be successful in the market.

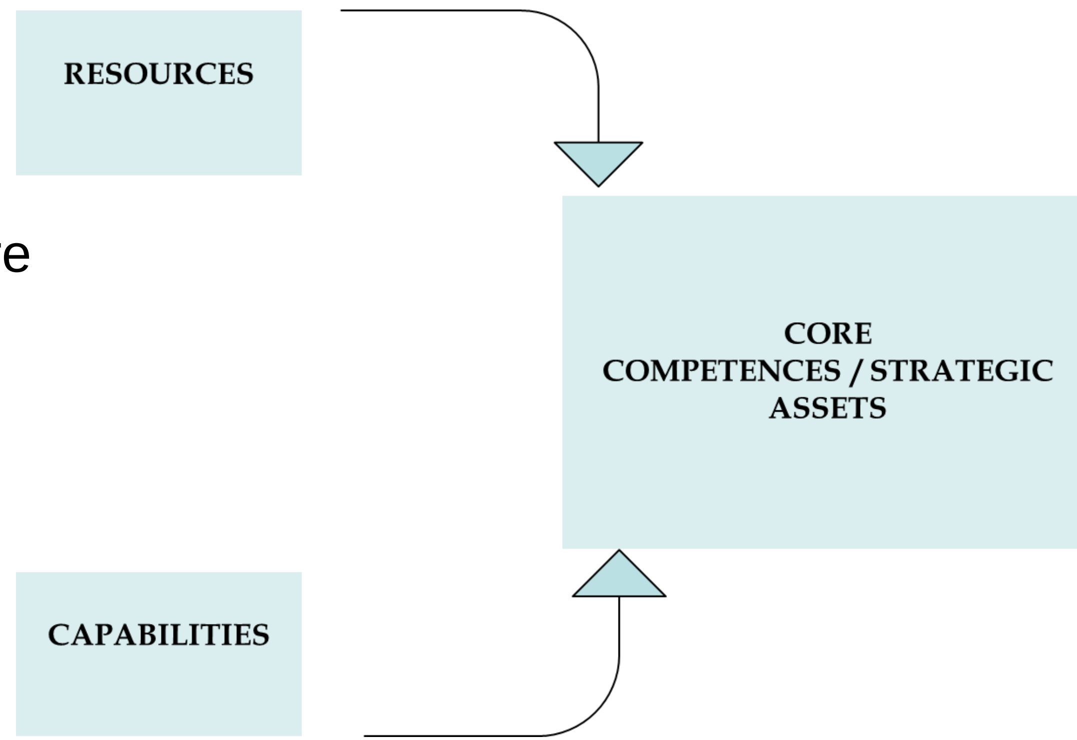
The Resource-based View of the Firm

Resource-based View

- Firm as a bundle of resources and capabilities.
- Distinct resources and capabilities underpin competitive advantage.
- Specific combination and coordination of resources critical.
- Resources and capabilities are the primary source of profitability and competitive advantage.

Market-based View

- Firm as a unit in a market.
- Distinct position in market underpins competitive advantage.
- Detailed knowledge of market and competitive conditions critical.



Relationships between strategy, capabilities, resources and competitive advantage

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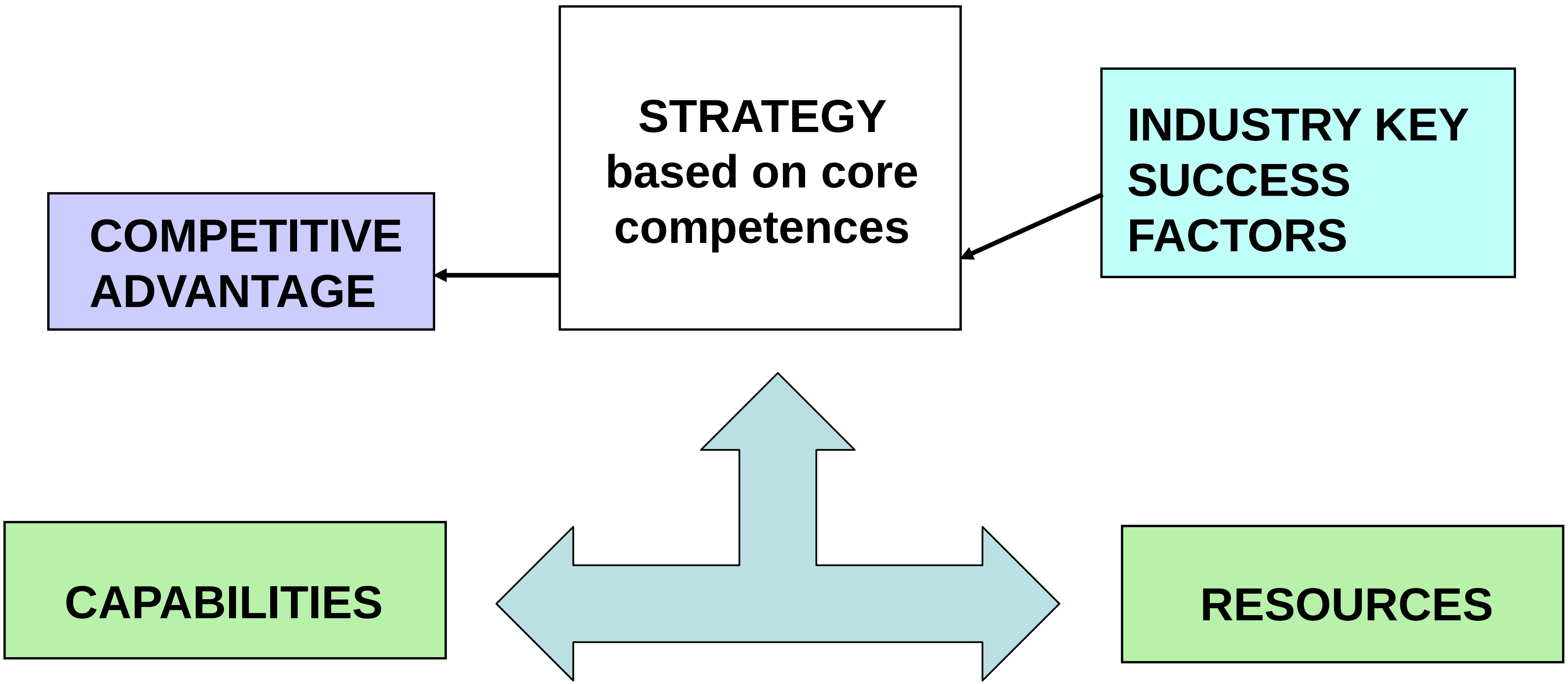


Types of Resources and Capabilities

RESOURCES

- **Financial resources** ($$$)
- **Human resources** (skilled employees)
- **Physical resources** (production capacity, ownership of raw material sources, distribution network, customer service, databases, etc.
- **Technological resources** (intellectual property rights of patents, trademarks, copyright and registered designs; trade secrets
- **Reputational resources** (brand, company's image, etc.)

CAPABILITIES

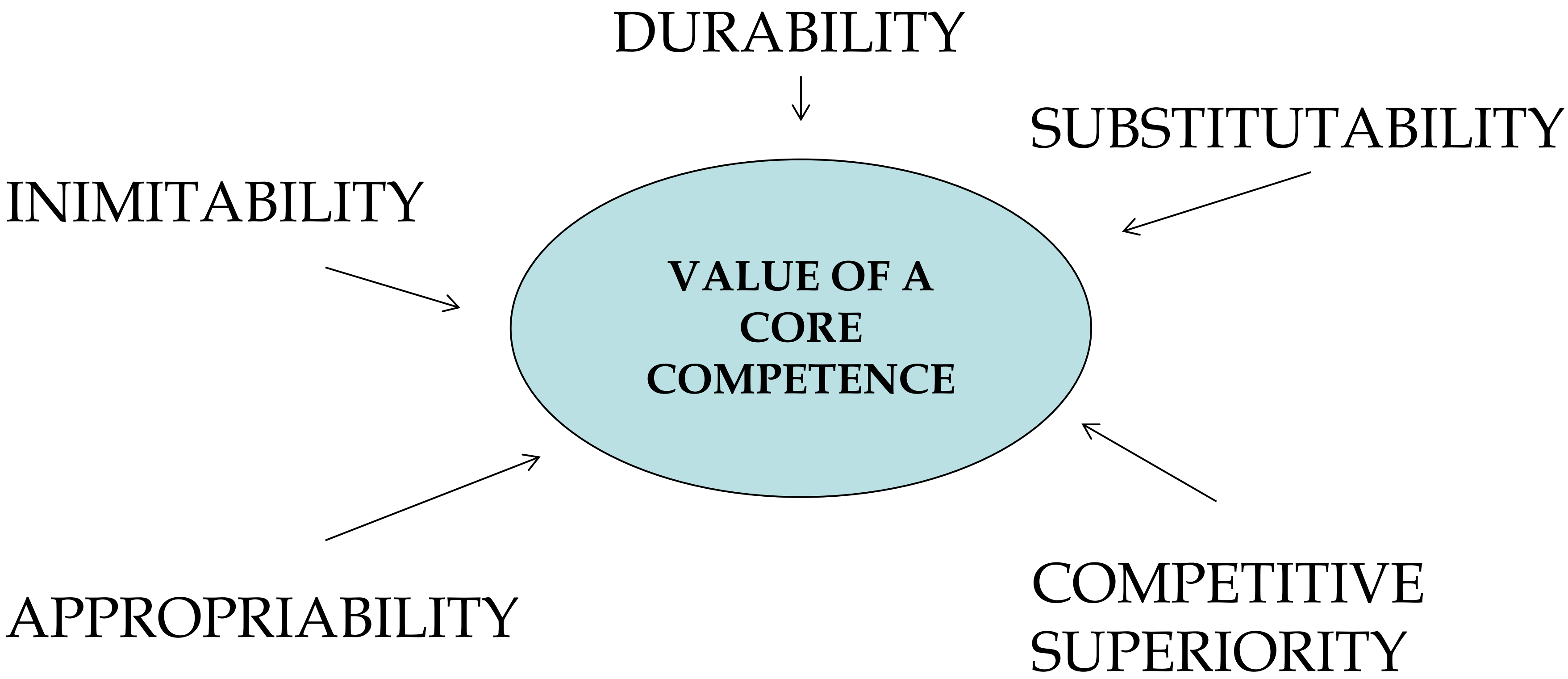
- Personal and organizational networks
- Low cost manufacturing
- Long-term supply contracts
- Trade relationships
- Ability to utilize relevant tecnologies
- Ability to develop branding strategies
- Etc.

Resource leverage

To **'leverage' resources** means to create conditions for competitive advantage to emerge**.** (Prahalad and Hamel, 1993)

- Concentrating resources
- Accumulate resources
- Complementing resources
- Conserving resources

The Value of a Core Competence



MARKET Vs RESOURCE BASED VIEW

- The **Resource based view (RBV)** of strategy is focused on recognising and utilising the company’s resources and capabilities (core competences). The company evaluate, accumulate, concentrate its resources, in order to develop a competitive advantage in the market. If resources and capabilities support KSF, the company is able to create a Competitive Advantage.

- The **Market based view (MBV)** of strategy designs the company policies and strategy based considering the characteristics of the industry's environment. The market analysis of the industry is the starting point to the definition of the strategy.

COMPETITIVE ADVANTAGE

Delivering superior value to customers and in doing so earning an above average return for the company and its stakeholders

Competitive advantage requires a firm to be sustainably different from its competitors in a way that customers are prepared to purchase at a sufficiently high price

TSMC is about to become the world's most advanced chipmaker – Economist (April 2018)

Analyze the competitive adv of TSMC against Intel: which are the resources and the reasons of competitive superiority?