

Theories of corporate strategy

2017-18

BUSINESS STRATEGY

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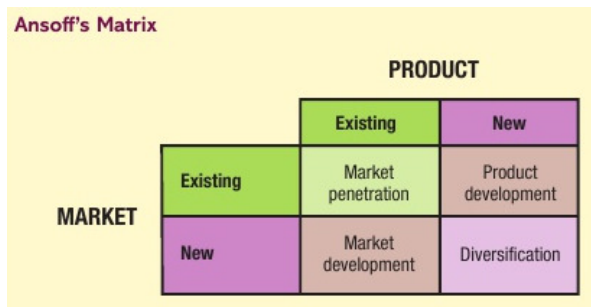
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 - ▶ Market penetration:
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 - ▶ Market development:
 - ▶ Diversification:

ANSOFF'S MATRIX



- ▶ *Risk* becomes greater the further a firm gets from the top left-hand corner of the matrix (= core of its existing products)

ANSOFF'S MATRIX

MARKET PENETRATION

- ▶ achieve growth in markets with *existing products*

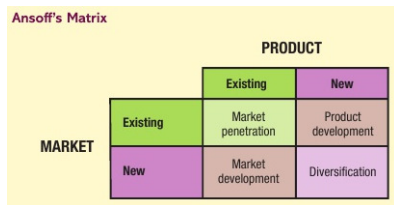
Ansoff's Matrix

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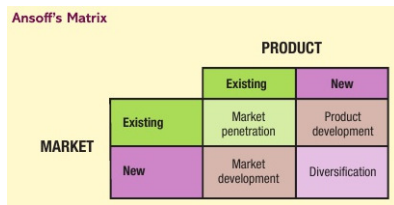
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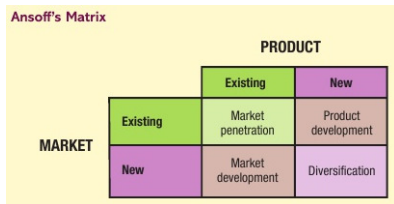
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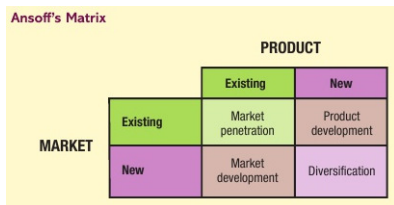
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- ▶ this strategy has the *lowest risk!*



ANSOFF'S MATRIX

PRODUCT DEVELOPMENT

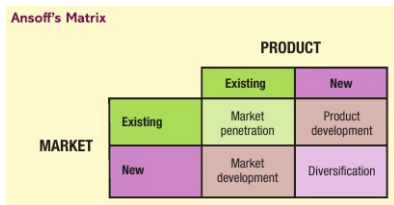
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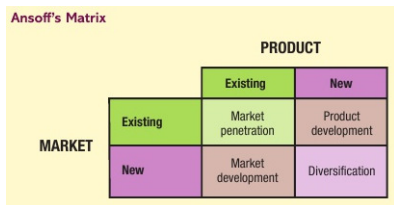
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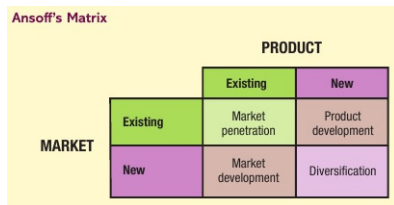
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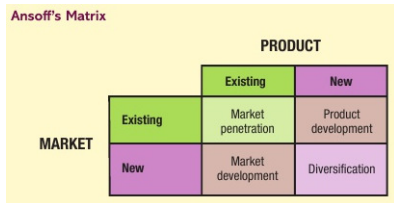
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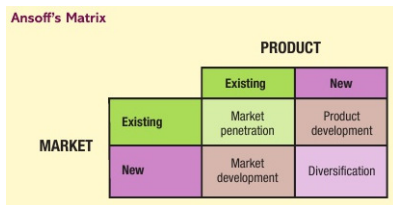
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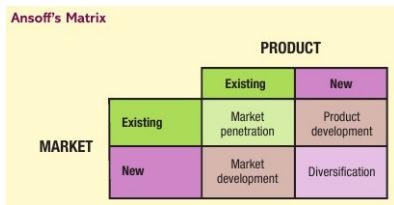
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- ▶ requires large investment in R & D
- ▶ this strategy is associated with *high level of risk!*



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- ▶ marketing of existing products in new markets



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- ▶ Example: entering *geographically* new markets (i.e., Enterprise Rent-a-car)

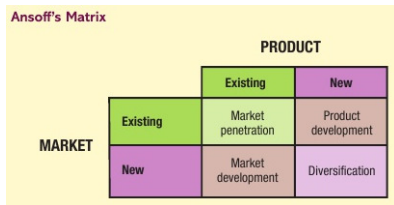
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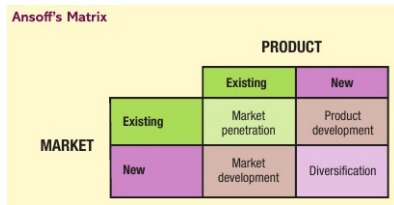
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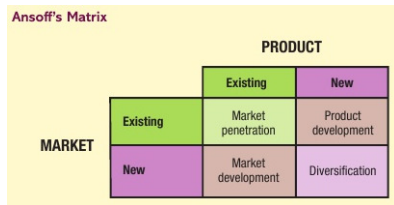
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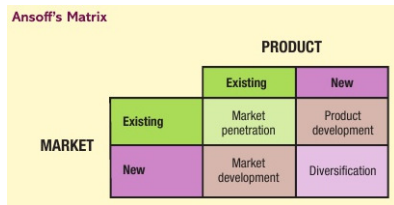
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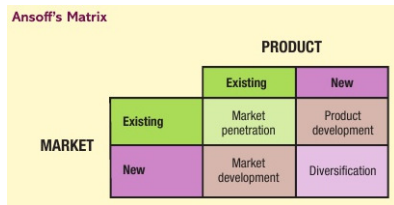
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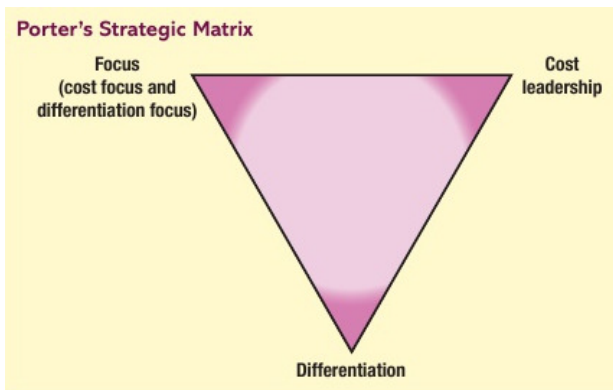
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- ▶ diversification may be subject to significant *barriers to entry*



PORTER'S STRATEGIC MATRIX

- ▶ identify the sources of competitive advantage that a business might achieve in a market
- ▶ *Any business that does not adopt one of these generic strategies is stuck in the middle and unlikely to succeed.*



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 - ▶ **Cost focus:** cost-minimisation within a focused or niche market (i.e., Aldi)
 - ▶ **Differentiation focus:** pursuing different strategies within a focused market (i.e., Ferrari)

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 3. **Innovation**: sustainable competitive advantage if business can innovate

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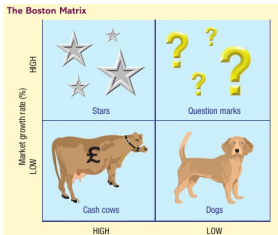
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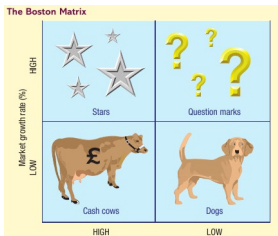
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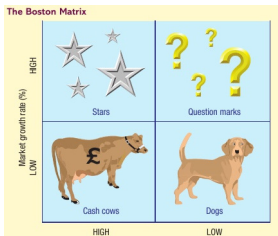
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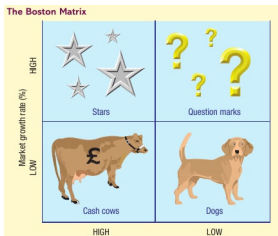
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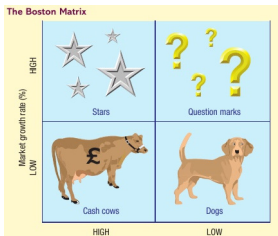
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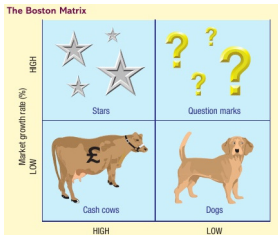
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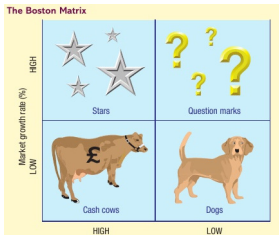
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- ▶ **Diversification:** developing new products in new markets. Market development – the marketing of existing products in new markets.

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- ▶ **Market maps** or **perceptual maps:** typically a two-dimensional diagram that shows two of the attributes or characteristics of a brand and those of rival brands in the market

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