Introd	luction

Preface

Chapter 1 Competitive Strategy: The Core Concepts

THE STRUCTURAL ANALYSIS OF INDUSTRIES

Industry Structure and Buyer Needs

Industry Structure and the Supply/Demand Balance

GENERIC COMPETITIVE STRATEGIES

Cost Leadership

Differentiation

Focus

Stuck in the Middle

Pursuit of More Than One Generic Strategy

Sustainability

Generic Strategies and Industry Evolution

Generic Strategies and Organizational Structure

Generic Strategies and the Strategic Planning Process

OVERVIEW OF THIS BOOK

PART I PRINCIPLES OF COMPETITIVE ADVANTAGE

Chapter 2 The Value Chain and Competitive Advantage

THE VALUE CHAIN

Identifying Value Activities

Defining the Value Chain

Linkages within The Value Chain

Vertical Linkages

The Buyer's Value Chain

COMPETITIVE SCOPE AND THE VALUE CHAIN

Segment Scope

Vertical Scope

Geographic Scope

Industry Scope

Coalitions and Scope

Competitive Scope and Business Definition

The Value Chain and Industry Structure

THE VALUE CHAIN AND ORGANIZATIONAL STRUCTURE

Chapter 3 Cost Advantage

THE VALUE CHAIN AND COST ANALYSIS

Defining the Value Chain for Cost Analysis

Assigning Costs and Assets

First Cut Analysis of Costs

COST BEHAVIOR

Cost Drivers

The Cost of Purchased Inputs

Segment Cost Behavior

Cost Dynamics

COST ADVANTAGE

Determining the Relative Cost of Competitors

Gaining Cost Advantage

Sustainability of Cost Advantage

Implementation and Cost Advan

Pitfalls in Cost Leadership Strategies

STEPS IN STRATEGIC COST ANALYSIS

Chapter 4 Differentiation

SOURCES OF DIFFERENTIATION

Differentiation and The Value Chain

Drivers of Uniqueness

THE COST OF DIFFERENTIATION

BUYER VALUE AND DIFFERENTIATION

Buyer Value

The Value Chain and Buyer Value

Lowering Buyer Cost

Raising Buyer Performance

Buyer Perception of Value

Buyer Value and the Real Buyer

Buyer Purchase Criteria

Identifying Purchase Criteria

DIFFERENTIATION STRATEGY

Routes to Differentiation

The Sustainability of Differentiation

Pitfalls in Differentiation

STEPS IN DIFFERENTIATION

Chapter 5 Technology and Competitive Advantage

TECHNOLOGY AND COMPETITION

Technolog	ev and	The	Value	Chain
100111010	, ,	1	,	C

Technology and Competitive Advantage

Technology and Industry Structure

TECHNOLOGY STRATEGY

The Choice of Technologies to Develop

Technological Leadership or Followership

Licensing of Technology

TECHNOLOGICAL EVOLUTION

Continuous Versus Discontinuous Technological Evolution

Forecasting Technological Evolution

FORMULATING TECHNOLOGICAL STRATEGY

Chapter 6 Competitor Selection

THE STRATEGIC BENEFITS OF COMPETITORS

Increasing Competitive Advantage

Improving Current Industry Structure

Aiding Market Development

Deterring Entry

WHAT MAKES A "GOOD" COMPETITOR?

Tests of a Good Competitor

"Good" Market Leaders

Diagnosing Good Competitors

INFLUENCING THE PATTERN OF COMPETITORS

Damaging Good Competitors in Battling Bad Ones

Changing Bad Competitors into Good Ones

THE OPTIMAL MARKET CONFIGURATION	

The C	Optimal	Competitor	Configur	ation

Maintaining Competitor Viability

Moving toward the Ideal Competitor Configuration

Maintaining Industry Stability

PITFALLS IN COMPETITOR SELECTION

PART II COMPETITIVE SCOPE WITHIN AN INDUSTRY

Chapter 7 Industry Segmentation and Competitive Advantage

BASES FOR INDUSTRY SEGMENTATION

Structural Bases For Segmentation

Segmentation Variables

Finding New Segments

THE INDUSTRY SEGMENTATION MATRIX

Relationships Among Segmentation Variables

Combining Segmentation Matrices

INDUSTRY SEGMENTATION AND COMPETITIVE STRATEGY

The Attractiveness of a Segment

Segment Interrelationships

Segment Interrelationships and Broadly-Targeted Strategies

The Choice of Focus

The Feasibility of New Segments to Focus On

The Sustainability of a Focus Strategy

Pitfalls and Opportunities for Focusers and Broadly-Targeted Competitors

INDUSTRY SEGMENTATION AND INDUSTRY

DEFINITION

Chapter 8 Substitution

IDENTIFYING SUBSTITUTES

THE ECONOMICS OF SUBSTITUTION

Relative Value/Price

Switching Costs

Buyer Propensity to Substitute

Segmentation and Substitution

CHANGES IN THE SUBSTITUTION THREAT

Substitution and Overall Industry Demand

Substitution and Industry Structure

THE PATH OF SUBSTITUTION

Segmentation and the Substitution Path

Substitution Forecasting Models

SUBSTITUTION AND COMPETITIVE STRATEGY

Promoting Substitution

Defense Against Substitutes

Industry Versus Firm Substitution Strategy

Pitfalls in Strategy Against Substitutes

PART III CORPORATE STRATEGY AND COMPETITIVE ADVANTAGE

Chapter 9 Interrelationships among Business Units

THE GROWING IMPORTANCE OF HORIZONTAL STRATEGY

INTERRELATIONSHIPS AMONG BUSINESS UNITS

TANGIBLE INTERRELATIONSHIPS

Sharing	and	Com	netitive	Adv	antage
Diver ing	cuive	Com	perrie	1100	

The Costs of Sharing

Difficulty of Matching

Identifying Tangible Interrelationships

INTANGIBLE INTERRELATIONSHIPS

COMPETITOR INTERRELATIONSHIPS

Multipoint Competitors in Unrelated Industries

Multipoint Competition in Related Industries

Competitors with Different Patterns of Interrelationships

Forecasting Potential Competitors

Chapter 10 Horizontal Strategy

THE NEED FOR EXPLICIT HORIZONTAL STRATEGY

Formulating Horizontal Strategy

INTERRELATIONSHIPS AND DIVERSIFICATION STRATEGY

Diversification Based on Tangible Interrelationships

Diversification Through Beachheads

Diversification and Corporate Resources

PITFALLS IN HORIZONTAL STRATEGY

Pitfalls in Ignoring Interrelationships

Pitfalls in Pursuing Interrelationships

Chapter 11 Achieving Interrelationships

IMPEDIMENTS TO ACHIEVING INTERRELATIONSHIPS

Sources of Impediments

Interrelationships and Equity

Differences	in	<i>Impediments</i>	among	Firms
Differences	uu	impeaments	among	I IIIIII

ORGANIZATIONAL MECHANISMS FOR ACHIEVING

INTERRELATIONSHIPS

Horizontal Structure

Horizontal Systems

Horizontal Human Resource Practices

Horizontal Conflict Resolution Processes

The Corporate Role in Facilitating Interrelationships

Interrelationships and the Mode of Diversification

MANAGING HORIZONTAL ORGANIZATION

Promising Examples

Japanese Firms and Interrelationships

A New Organizational Form

Chapter 12 Complementary Products and Competitive Advantage

CONTROL OVER COMPLEMENTARY PRODUCTS

Competitive Advantages From Controlling Complements

Problems of Controlling Complements

Control Over Complements and Industry Evolution

Identifying Strategically Important Complements

BUNDLING

Competitive Advantages of Bundling

Risks of Bundling

Bundled Versus Unbundled Strategies

Bundling and Industry Evolution

Strategio	: Im	plice	ations	of	Bune	dling
Street	1111	piice	iii Oii S	ω_{J}	Dun	~~~~

CROSS SUBSIDIZATION

Conditions Favoring Cross Subsidization

Risks of Cross Subsidization

Cross Subsidization and Industry Evolution

Strategic Implications of Cross Subsidization

COMPLEMENTS AND COMPETITIVE STRATEGY

PART IV IMPLICATIONS FOR OFFENSIVE AND DEFENSIVE COMPETITIVE STRATEGY

Chapter 13 Industry Scenarios and Competitive Strategy under Uncertainty

Scenarios as a Planning Tool

Industry Scenarios

CONSTRUCTING INDUSTRY SCENARIOS

Identifying Industry Uncertainties

Independent Versus Dependent Uncertainties

Identifying a Set of Scenarios

Consistency of Assumptions

Analyzing Scenarios

Introducing Competitor Behavior into Scenarios

The Number of Scenarios To Analyze

Attaching Probabilities to Scenarios

Summary Characteristics of Industry Scenarios

INDUSTRY SCENARIOS AND COMPETITIVE STRATEGY

Strategic Approaches Under Scenarios

Combined and Sequenced Strategie	Combined	and	Seq	uenced	Strat	egies
----------------------------------	----------	-----	-----	--------	-------	-------

The Choice of Strategy Under Industry Scenarios

Scenario Variables and Market Intelligence

SCENARIOS AND THE PLANNING PROCESS

Corporate Role in Constructing Industry Scenarios

Industry Scenarios and Creativity

Chapter 14 Defensive Strategy

THE PROCESS OF ENTRY OR REPOSITIONING

DEFENSIVE TACTICS

Raising Structural Barriers

Increasing Expected Retaliation

Lowering the Inducement for Attack

EVALUATING DEFENSIVE TACTICS

DEFENSIVE STRATEGY

Deterrence

Response

Response to Price Cutting

Defense or Disinvest

Pitfalls in Defense

Chapter 15 Attacking an Industry Leader

CONDITIONS FOR ATTACKING A LEADER

AVENUES FOR ATTACKING LEADERS

Reconfiguration

Redefinition

Pι	ıre	Sı	ner	ıdi	in	g
		\sim	–			$\overline{}$

Alliances To Attack Leaders

IMPEDIMENTS To LEADER RETALIATION

SIGNALS OF LEADER VULNERABILITY

Industry Signals

Leader Signals

ATTACKING LEADERS AND INDUSTRY STRUCTURE

Bibliography

Index

About the Author