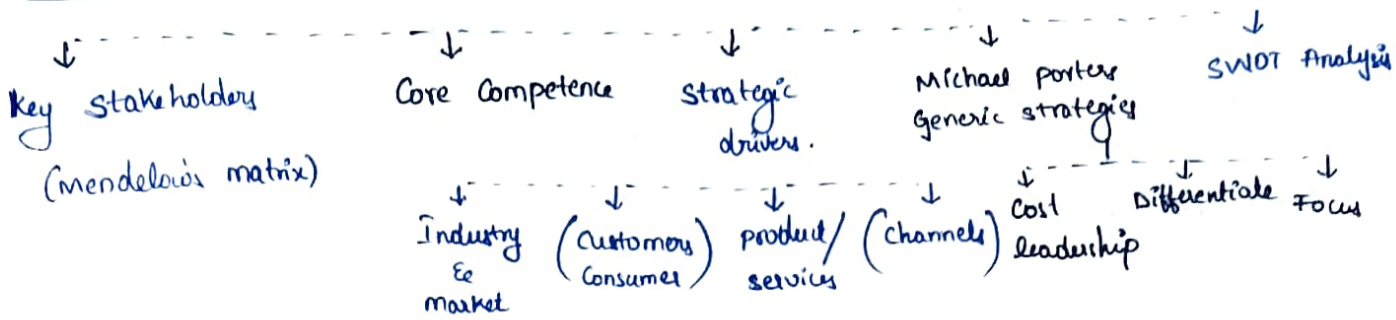


Strategic Analysis of Internal Environment

Mind Map

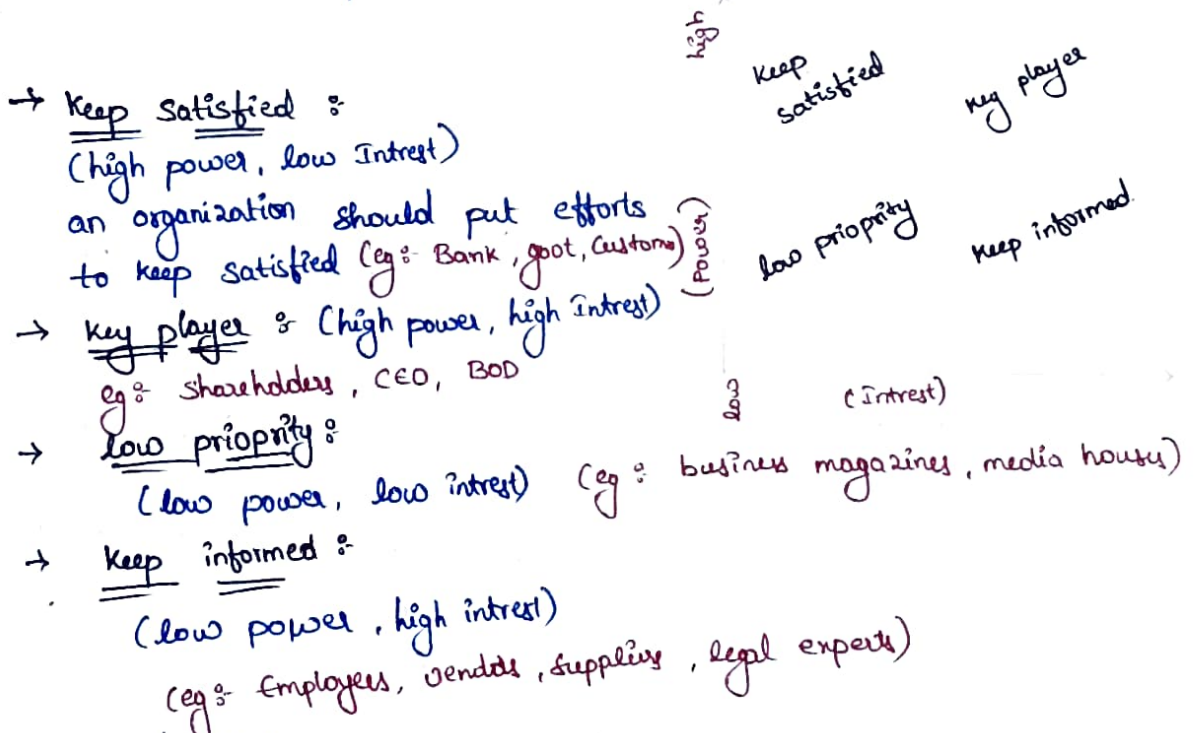


Stakeholders :

- * All the people who has the interest in the well being of the firm
- eg: A Company is making losses by that who are going loss they interest they called stakeholders
- eg: Shareholders (they not get dividend), Employees (they not get they salaries)
- Creditors (they may not get interest), etc.

Mendelov's Matrix :

- * Mendelov's stakeholder matrix is also known as stakeholder analysis matrix
- * Its Based on 2 parameters (Power and interest)



Strategic drivers :

- * Industry & Markets
- * Customers

- * products/services
- * channels

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Industry & Markets :-

→ Industry :- An industry is a group of similar companies. Industry grouping is based on the primary product that a company makes or sells.
(eg: telecom industry (Jio, Vi, BSNL, Airtel))

→ Market :-

- * all the buyers and sellers in the area or region under consideration
- * Market may be a physical or virtual.
↓
e-commerce (amazon, Flipkart)
- * eg:- (Fish market)

Customer & Consumer :-

→ Customer :-

- * A Customer is the one who buys a product/service.

→ Consumer :-

- * A Consumer is the one who finally uses/consumes the product or service which is bought.

eg:- Siri is going to purchase a soft drink to her friend Harsha (here Siri is the Customer) (Harsha is the Consumer because Harsha is drinking that soft drink)

Product & Services :-

- * Product stands for the combination of goods and services that the company offers to the target market

→ Strategic moves with respect to product :-

- * strategies are needed for managing existing product over time adding new products and dropping failed products

→ ways of differentiating / classifying products :-

- * The products can be classified on the basis of industrial (a) Consumer products, essentials (a) Luxury products, durables or perishables

- * Products can also be differentiated on the basis of size, shape, colour, Brands.

eg:- green lays, red lays
Pet Bottle cococola, 750ml, 1.25L, 2.25L.

Fogg, Titan Skinn, The man company.

Different Marketing Strategies :-

a) Social marketing :-

Control of programs seeking to increase the acceptability of social media idea, cause a practice among a target group

eg:- TATA is placing Boards "No Smoking", If we purchase a classmate Book ITC will give ₹1 to poor people.

b) Augmented marketing :-

Additional Customer Services and benefits built around the actual products and introduction of hi-tech services.

eg:- (Lenskart phonic) (movies on demand) (giving home delivery)

c) Direct Marketing :-

Various advertising media that interact directly with consumers

eg:- (Calls from loan agents) (credit cards)

d) Relationship Marketing :-

It is the process of creating maintaining and enhancing strong value laden relationship with customers.

eg:- Airlines offers special lounges at airports for frequent flyers
• Bank are offers high Fixed deposit Interest to their regular customers

e) Services marketing :-

Service refer to any activity or benefit that one party can offer to another and is essentially intangible

eg:- Banking, retailing

f) Personal marketing :-

marketing (or) advertising towards a particular person (or) people

eg:- politicians (Modiji ka marki dhath)

g) Place marketing :-

marketing towards a specific place

eg:- business sites marketing, tourism marketing

h) Enlightened marketing :-

marketing philosophy holding that a company's marketing efforts should support the best long run performance of market system.

i) Differential marketing :-

which a firm decides to target several market segments and designs separate offer for each segment.

eg:- SAMSUNG has 10k rupee phone and 1 lakh rupee phone it has all kinds of phones.

k) Synchro Marketing :-

Synchro marketing can be used to regularise the pattern of demand through flexible pricing, promotion and other incentives.

eg:- * Products such as movie tickets can be sold at lower price over weekdays to generate demand.

* KFC gives discounts and offers on weekends.

l) Concentrated Marketing :-

It can also take the form of niche marketing.

eg:- Pabanjali Baba is going to market only dhanth kanthi Paste.

m) De-Marketing :-

marketing strategy to reduce demand temporarily (or) permanently. the aim is not to destroy demand, but only to reduce or shift it.

eg:- Housefull Board on movie hall.

Channels

Channels are the distribution system by which an organisation distributes its product or provides its services.

Types of channels :-

i) Sales channel :-

These are the intermediaries involved in selling the product through each channel and ultimately to the end users.

eg:- Insurance Companies use the agents to sell their policies to retail consumers.

ii) Product channel :-

The series of intermediaries who physically handle the product on its path from its producer to the end users. eg:- Flipkart uses these products to delivery to consumers with the help of EKart logistics.

iii) Service channel :-

Entities that provide necessary services to support the product as it moves through the sales channels and after purchase by the end user.

eg:- LG washing machine may be sold in e-commerce and then once sold it is installed by a LG contracted engineer.

Core Competence

- * Competency is defined as a combination of skills and techniques.
- * Core Competency is the collective learning in the organization, especially coordinating diverse production skills and integrating multiple streams of technologies.
- * Unique strength of a company that not available on other companies
eg: M.S Dhoni for CSK, Samantha for the Antares movie song
- * Core Competence - based diversification reduce risk and investment and increases the opportunities for transferring learning and best practice across business units. (It should be applicable to whole organization)

Core Competence fulfils three criteria

- * It should provide potential access to a wide variety of markets.
- * It should make a significant contribution to the perceived customer benefits of the end product
- * It should be difficult to imitate for competitors/rivals.

How to build core competency?

* valuable :- Unique and valuable

eg: Apple technology.

* Rare :- very rare capabilities and very few of the competitors possess this.

eg: Burj Khalifa, Taj Mahal

* Costly to imitate :- Such competing firms are unable to develop/copy easily.

eg: SAMSUNG Knox technology.

* Non-Substitutable :- Capabilities that do not have strategic equivalents

eg: KBC in Amitabh Bachchan

SWOT Analysis :-

	Helpful	Harmful
Internal origin	Strengths	Weakness
External origin	Opportunities	Threats

SWOT Analysis of a Law firm →

Strength

- Multiple partners with varied expertise
- Services spread across India.

Opportunity

- Automation driven
- Startups can be supported with experienced partners
- Investment in technology can multiply returns

Weakness

- Run by old methods
- Not very employee friendly

Threat

- Online players entering market
- AI based solutions
- Price point of online being very competitive

Competitive Advantage :

- Competitive advantage allows a firm to gain an edge over its rivals.
- set of unique features of a company.
- Profitability is higher than the average profitability of all companies in its industry.

Competitive Advantage depends upon 4 major characteristics

a) Durability :

Industries where the rate of product innovation is fast, product patents are quite likely to become obsolete.

eg: RATAN TATA is an competitive advantage of TATA
now he is no more may be reduce the trust on TATA

b) Transferability :

Easier it is to transfer resources and capabilities b/w companies the less sustainable will be the competitive advantage

c) Imitability :

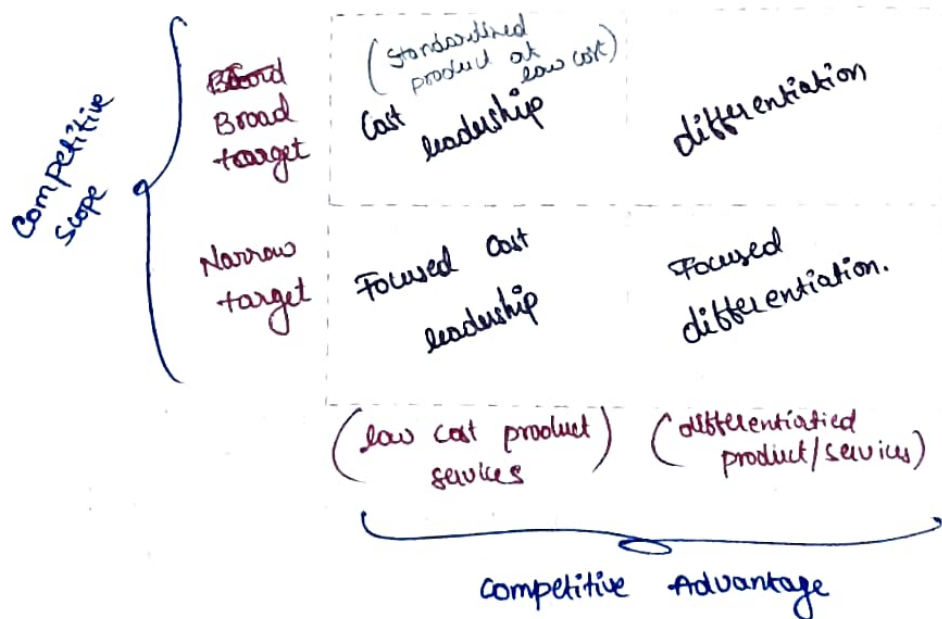
if resources and capabilities cannot be purchased by a would be imitator, then they must be built from scratch.

d) Appropriability :

Ability of the firms owners to appropriate the returns on its resource base.

eg: unique music player (I pad) now a days who are purchasing music players.

Michael Porter's Generic Strategies



Cost leadership

- * Low cost competitive strategy - that aims at broad mass market
- * Standardized product at low cost per unit
- * This strategy is effective when the market is composed of many price-sensitive buyers.

eg: Dmart, Walmart.

How to achieve cost leadership strategy

- a) prompt forecasting of demand
- b) optimum utilization of resources
- c) Invest in cost saving technologies
- d) Resistance to differentiation till it becomes essential

Advantages

Rivalry: Low cost firm will continue to earn profits even after competitors compete away their profits.

eg: Dmart sells at low price even low price and forming profit

Buyers: would not be able to exploit the cost leader firm.

as we are already offering at low price buyers will not bargain.

Suppliers: Cost leaders are able to absorb greater price increases.

New Entrants: Low cost leader firm can create entry barriers to new

Substitutes: Low cost leaders are more likely to lower the costs to induce existing customers to stay with their products.

Disadvantages

- Cost advantages may not last long as competitors may imitate cost reduction techniques.
- firm can succeed with this strategy only if it can achieve higher sales volume.
- buyer interest may shift
- technology advancement (eg: Jio mart, Instamart gives home delivery) Dmart doesn't

Differentiation Strategy

- * Strategy is aimed at broad mass market and involves the creation of a product & services that is perceived by the customers as unique.
- * Because of differentiation the business can charge a premium for its product
- * Strategy allows a firm to charge a higher price for its product and to gain customer loyalty because consumers may become strongly attached to the differentiation features eg: apple products.

How To achieve Differentiation Strategy?

- * offer utility for the Customers and match the products with their tastes and preferences
- * Elevates the performance of the product (Superior performance)
- * offer the promise of high quality product/service for buyer satisfaction
- * Taking steps for enhancing image and brand value

Advantages

- Rivalry :- Brand loyalty acts as a safeguard against custom-competitors
- Buyers :- They do not negotiate for price as they get special feature.
- Suppliers :- Differentiator charges a premium price they can afford to absorb higher ^{cost}
- Substitutes :- Can't replace differentiated product which have high brand value

Disadvantages :-

- * In long term, Uniqueness is difficult to sustain
- * charging too high a price for a differentiated features may cause the customer to switch to alternative.

Focus Strategy

i) Focused Cost leadership strategy :-

This strategy targets a specific market segment with lower prices than competitors within that niche. It emphasizes cost efficiency without aiming to be the absolute lowest priced in the industry.

eg :- (SAMSUNG S series) (Moto E series) (Rolex)

ii) Focused differentiation strategy :-

It involves offering unique features that fulfill the demands of a narrow market.

eg :- (Rolls Royal RR) (Rolex Customised)
(iPhone with gold plated) (LV is making BMW seat colour hand bags, wallets)

How to achieve Focus Strategy?

- * Selecting specific niches which are not covered by cost leaders and differentiators
- * Creating superior skills for catering to such niche markets.
- * Generating high efficiency
- * Developing innovative ways

Advantages and disadvantages of focus strategy

Advantages :

- * Premium prices can be charged by the organisations for their focused product/services
eg: (LV is making customised bags)
- * Focus strategy other rivals and new entrants will find it difficult to compete

Disadvantages :

- * Firms lacking in distinctive competencies may not be able to pursue focus strategy.
- * Due to the limited demand of product/services costs are high which can cause problems.

Best Cost provider strategy :-

- * Best Cost provider strategy involves providing more value for money to customers by emphasizing low cost and upscale differences.

i) By offering products at lower price than what is being offered by rivals for products with comparable quality and features.

eg: (Amazon, Flipkart) (Swiggy, Zomato)

ii) Charging similar price as that of rivals for products with much higher quality and better features.

eg: (Hotel A) (Hotel B) is there (A) (B) are charging same price for Room but (Hotel B) give a breakfast at free of cost.

Strategic Group mapping :

visual tool used to analyze competitive positioning within an industry by grouping firms based on key strategic dimensions
(eg: price, product quality, distribution channels)

- * Identifies direct competitors and their strategies
- * helps firms find market gaps and opportunities for differentiation

Steps to create a strategic group mapping

- i) selecting key dimensions (price, quality, technology)
- ii) plot firms on Graph
- iii) Form Strategic Groups (same strategy space to the same strategic group)
- iv) Analyze Industry Trends
(Identify gaps and competitive pressures)

Example (Smartphone Industry)

- Premium : Apple, Samsung (High price, high innovation)
- Mid Rang : Oneplus, Google pixel (moderate price, good features)
- Budget : Realme, POCO, MOTO (low price, performance focus)