

Case Studies on
COMPETITIVE STRATEGIES - VOLUME I

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Case studies are intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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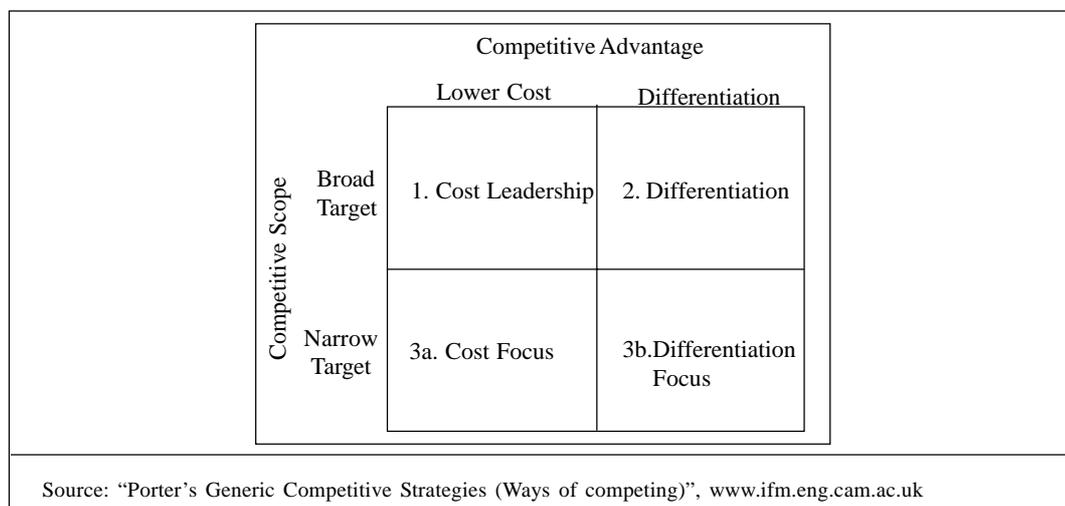
Case Title	Page No.
Albertsons' Competitive Strategies	1
Boston Scientific vs. Johnson & Johnson: Battle for the Stent Market	13
Charles Schwab's Competitive Strategies	23
Cisco vs. Juniper – Router Wars	33
Coach Inc: Lew Frankfort's Competitive Strategies	49
Coca-Cola: The Battle on Non-carbonated Front	59
Competition in China's Luxury Car Market	75
Dell vs. Gateway	91
DHL in India – The Competitive Strategies	105
Dr. Reddy's Tussles with Pfizer	115
L'Oreal's Business Strategy	135
Low-Cost Carriers in USA: Pricing Pressures for Major Airlines	145
Microsoft and the Threat of Linux	167
Mozilla: Microsoft IE's Challenger	177
NTT DoCoMo vs. KDDI: The Price War	191
PlayStation vs. Xbox: The Battle for Supremacy	207
Price Wars in the Indian Detergent Market	221
Schick – A Strong No.2?	231

AN OVERVIEW

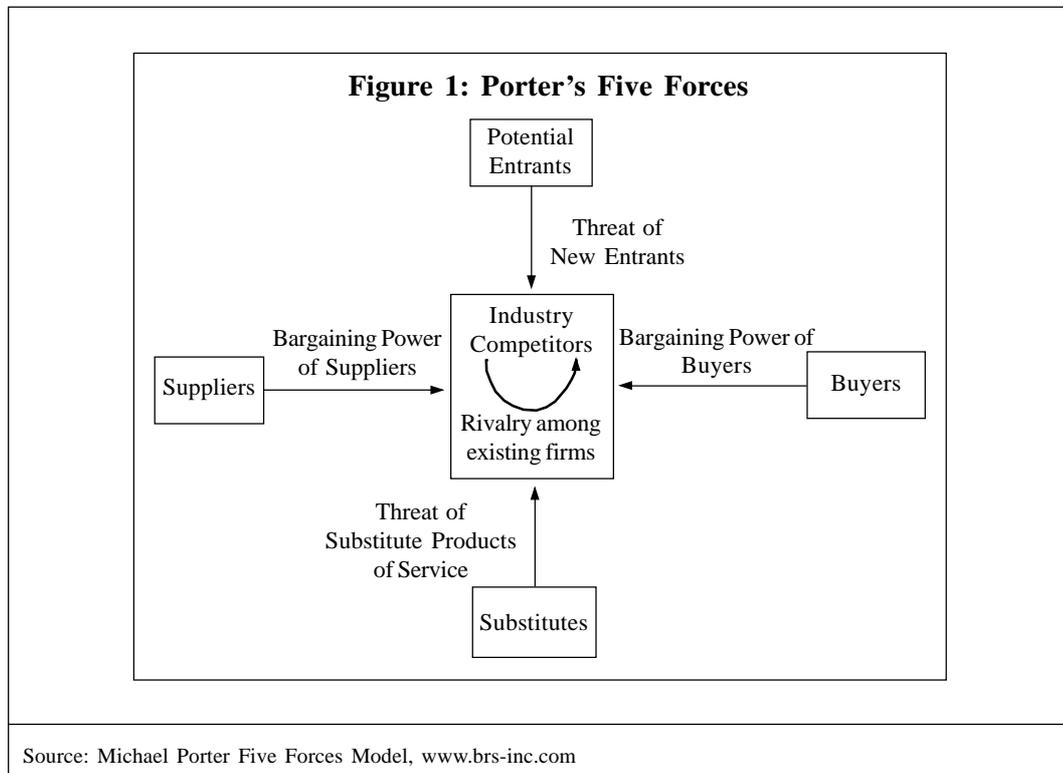
To understand the competitive strategies of various companies and business groups, it is helpful to know the basics of business competition, which is defined as *the rivalry between two or more businesses striving for the same customer or market*. Competition in any industry should be rooted in its underlying economics and the influence of competitive forces goes well beyond the competitors in a particular industry.

To compete in a particular business, companies have to formulate different competitive strategies from time to time. They generally involve taking offensive or defensive actions to create a defensible position in an industry or to successfully cope with competition and generate a superior return on investment. Competitive strategy is all about 'strategic intent', having a winning business model, and having 'the plan' - the 'answer' that is uniquely 'right' for organisation and its specific circumstances.

According to Michael Porter, the basis for above-average performance of a company within an industry is sustainable competitive advantage. Low cost and differentiation are the two basic types of competitive advantages a firm can possess. These, coupled with the scope of activities, lead to three generic strategies - cost leadership, differentiation, and focus. The focus strategy, in turn, has two variants - cost focus and differentiation focus.



This book helps in understanding a business and the behaviour of its competitors through 18 real business situation case studies spanning 17 different industries. The basic aim behind the compilation of these cases in this book is to provide the readers with some practical tools to develop a professional understanding of the fundamental determinants of competition in industries and the factors that shape the success or failure of the firms and accordingly formulate overall competitive strategies. This book also helps in understanding how a firm can gain a cost advantage or how it can differentiate itself.



The following approaches may be used to understand the underlying theoretical concepts -

An analytical approach: It provides basic structural analysis of industries/ competitors and helps readers in formulating an overall competitive strategy. As the cases have been taken from real business situations, along with competitors' analysis, they help in mapping competitors into strategic groups and assess the most attractive position in the industry.

A managerial orientation: This book would enable its readers to anticipate and prepare for—rather than simply react to—sudden competitor moves, new entrants into their businesses, and shifts in industry structure, as well as to take forceful positive action to improve a company's position through tested and innovative competitive strategies.

Comprehensive and balanced approach: With case studies spanning 17 different industries, this book offers the readers a wide scope for learning.

Basic Disciplines Perspective: This book helps in explaining the extent of choice of competitive scope or how the range of the firm's activities can play a powerful role in determining competitive advantage. The following table summarises the topical emphasis, industry and the core theoretical concept enshrined in each case study –

Name of the Case Study	Industry	Core Theoretical Framework
Albertsons' Competitive Strategies	Grocery retail	Overall Differentiation Strategy
Boston Scientific vs Johnson & Johnson: Battle for the Stent Market	Medical Devices and Pharmaceuticals Manufacturers	Struggle for market dominance among existing players (Industry Rivalry)
Charles Schwab's Competitive Strategies	Banking and financial services	Best Cost Provider
Cisco vs Juniper – Router Wars	Networking industry	Industry Rivalry
Coach Inc: Lew Frankfort's Competitive Strategies	Accessories	Growth through building brand equity (Industry Rivalry)
Coca-Cola: The Battle on Non-carbonated Front	Carbonated beverages	Growth (Industry Rivalry)
Competition in China's Luxury Car Market	Automotive	Industry Rivalry; New Entrant
Dell vs Gateway	Computer hardware	Overall Low Cost; Broad Differentiation
DHL in India – The Competitive Strategies	Express delivery services	Growth (Industry Rivalry)
Dr Reddy's Tussles with Pfizer	Pharmaceuticals Manufacturers	Threat of new Products
L'Oreal's Business Strategy	Cosmetics industry	Focused Differentiation
Low-Cost Carriers in USA: Pricing Pressures for Major Airlines	Airlines	Threat of New Entrants
Microsoft and the threat of Linux	Development Tools, Operating Systems and Utilities Software	Threat of new Products
Mozilla: Microsoft IE's Challenger	Software	Cost effective Alternatives; Substitutes

Two cases, *Dr. Reddy's Tussles with Pfizer* and *Microsoft and the threat of Linux* help in understanding the concept of 'Threat of new substitutes or products'. *Dr. Reddy's Tussles with Pfizer* highlights how Dr Reddy's is defending the launch of its product 'Norvasc', which has been challenged by Pfizer on the grounds that it is a substitute of its product 'Prozac'. The second case deals with the threat Microsoft is facing in the operating system market from free software, Linux.

Four cases in this book deal with Industry rivalry, providing insight into issues like how companies, on a continuous basis, are combating with their rivals through price cuts, product innovations, advertising etc. While *Coach Inc: Lew Frankfort's Competitive Strategies* talks about Coach Inc., that moved from traditional heavy, tough unlined leather bags to luxury leather goods and accessories to combat the existing competition in the industry, *DHL in India - The Competitive Strategies* highlights the growth strategies adopted by DHL to increase its market share in India by repositioning itself as a niche –industry specific solutions provider.

Readers would also find two case studies dealing with the competitive strategy of overall low-cost leadership. In *NTT DoCoMo vs. KDDI: The Price War*, to maintain its competitive position NTT slashed the tariff on its 3G mobile services and subsequently increased its subscriber base in Japan. The concept of threat of new entrants is illustrated through *Low Cost Carriers in USA* and *PlayStation vs. Xbox*. In *PlayStation vs. Xbox*, Microsoft's launch and entry of Xbox consoles in the video game industry has become a major threat to the supremacy of Sony's Playstations. The two companies are competing against each other by using their respective strengths.