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A Study on The Marketing Strategy Establishment for The Competitive Advantage*

Kim, Myung-Soo**

〈 Summary 〉

This research deals with the basic ideas and implementation used for developing competitive advantage in the market they serve. The market to which a company belongs is continuously evolving, not static. Therefore, the company is required to adopt a suitable strategy in the market it serves.

Marketing strategy establishment requires continual adjustment in the strategy content and redirection in organizational actions to address emerging market problems and opportunities. Much of the strategic implementation is characterized by firefights aimed at solving emerging, unforeseen problems.

The concept of strategy was originally introduced to provide companies with a rational means of coping with environmental changes. An old Oriental proverb said that "knowing myself and then understanding others is the best way to success". In line with the proverb, the starting point of marketing strategy establishment for the competitive advantage is to understand the activities of a company wholly. After analyzing the scope of its activities, a company has to understand the market structure, to review competitive environments, to formulate the base of the competitive strategy and to adopt differentiation strategies for obtaining the competitive advantage.

I. The Concept of Competitive Strategy

Every company can exploit opportunities, as well as tackle threats, which may arise in its business environments through a proper strategic planning. The concepts of strategy was originally introduced in modern business management to provide companies with a rational means of coping with environmental changes(Cho 1997). As a result of the growing level of competition and the rapid pace of change, more and more companies are increasing their

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** Professor, the Department of Logistics, Sunchon National University

strategic planning efforts in an attempt to allocate resources in a way which provides them with a competitive advantage or reduces external threats. It results in the development of a company's long-term objectives and the design of action plans throughout the company which lead to the achievement these objectives.

Specifically, a company's strategic plan makes explicit : the market priorities, which determine resource allocation, the assumptions behind the choice of market priorities, the changes required to capitalize on market opportunities, the timing of strategic moves, an estimate of the environment in which the company will act, and the expected rate of progress in strategy implementation. The plan thus describes the strategic direction a company will take by assigning specific objectives and investment priorities to particular market segments in which the company operates, so committing resources to the desired mix of businesses which result in achievement of the company's long-term objective.

The word strategy has become one of the most commonly used words in marketing area. Strategy in its strictest sense refers to means and not ends. A strategy can be viewed as new decision rules and guidelines in the development process, either active or passive, of a company. Strategy is all about how an organization will achieve its objectives(Fifield 1992). However, strategy is an elusive and abstract concept somewhat. Its formulation typically produces no immediate concrete productive action in the company. Since management is pragmatic result-oriented activity, a question needs to be asked : whether an abstract concept, such as strategy, can usefully contribute to the firm's performance(Ansoff 1987).

A unifying concept of strategy that can integrate the multiplicity of different approaches has yet to appear. This is causing much confusion and disagreement on basic terms, concepts and methodologies, thereby hindering the development of a systematic and universal law of strategy(Cho 1997). So that the review of the definitions of strategy which was given by many researchers is valuable.

First, Thompson and Strickland(1978) defined strategy as "a comprehensive description of an organization's master plan for achieving its goals, objectives, and purpose". Second, Michael Porter(1985) defined a competitive strategy as "the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs", and its aims as "to establish a profitable and sustainable position against the forces that determine industry competition". Third, emphasizing a sustainable advantage of a competitive strategy, Coyne(1986) defined a competitive strategy as "an integrated set of actions that produce a sustainable advantage over competitors". Fourth, Ansoff(1987) defined startegy as "the new decision rules and guidelines, which guide the process of development of an organization". Fifth, emphasizing strengths of a company on the implementation of a strategy, O'Shaughnessy(1988) defined a strategy as "how the company's strengths are to be deployed to overcome resistance to the achievement of objectives". Sixth, in relation to objectives and a strategy, Greenley(1989) simplified and clarified objectives as "what is to be achieved" and a strategy as "how they are to be achieved". Therefore, objectives should be measurable, achievable, realistic and communicable (Luffman et al. 1987). Seventh, Mathur (1992) defined competitive strategy as "a plan about the future positioning of the business's offering, relative th those of competitors, in the eyes of customer".

A successful strategy ensures a better or stronger matching of the strengths of a company to customers' needs than those of its competitors. To be effective, a competitive strategy of a company should focus on meeting the needs and wants of its target customers, offer a clear sense of what it provides, communicate easily with customers, differentiate itself from competitors, motivate those who work, be flexible enough to adopt unforeseen contingencies, and be difficult to imitate.

Therefore, a competitive strategy can be defined as the search of a guideline for a company's actions to keep on its survival from the changing competitive external conditions, and then to achieve its business purpose by properly deploying its internal capabilities. It can be said, to some extent, that any company (except a company enjoying a monopoly) selling its product(s) at a profit can enjoy a competitive advantage with those customers who choose to buy from the company instead of its competitors, even though its competitors may have superior strengths (eg. product quality, distribution power). The competitive strategy specifies the distinctive approach which the company intends to use in order to succeed in each of the strategic business areas.

II. Antecedent Factors of Marketing Strategy Establishment

Strong competitive positions can be developed by building barriers to competitive action by various means. Marketing strategy establishment for the competitive advantage requires to understand the degree of complexity of a company's activities, competitors, the structure of the market to which a company belongs. To be successful, such antecedent factors must be carefully scrutinized, because antecedent factors of marketing strategy establishment are the basic factors that make up the content of a competitive advantage. A competitive advantage is only sustained when all of the following conditions are met : customers perceive a consistent difference in important attributes between the producer's product or service and those of his competitors, that difference is the direct consequence of a capability gap between the producer and his competitors, and both the difference in important attributes and the capability gap can be expected to endure over time (Coyne 1986).

1. Complexities of A Company

The degree of complexity of a company's activities in terms of ten variables grouped under three broad classifications such as product complexity, market and operating complexity, and environmental complexity(Clifford & Cavanaugh 1986). Based on the ten variables, the complexity of each activity within a company can be classified into one of the four degrees(low, moderate, substantial and high).

First, the product complexity is consist of the number of products, the complexity of technology and individual prodcuts, the degree of forward and/or backward integration, and the rate of innovation. Second, the market and operating complexity includes the geographic scope of production, the geographic scope of marketing, distribution channels, and end-user groups. Third, the environmental complexity is consist of the competitive intensity and the degree of external pressures.

Activities of a company may be located in the ten variables with a different degree of complexity. For example, a company may provide several related products and/or some unrelated products in limited areas through only one distribution channel. Therefore, it is not easy to say which degree of complexity a company may be operating in.

Generally the complexity of a company can be measured by comparing its activities with activities of other companies in the same industry. If complexity is low, a company is more likely to be intuitively and informally managed through personal knowledge and intensive individual involvement. However, with increasing complexity, all of the company's activities should be implemented, coordinated and controlled systematically(Kerin et al. 1990). Company's structures for marketing implementation, and the skills of its managers, will frequently determine strategies. Strategy formulation is affected, constrained, inhibited, and often prohibitedy by the structures the company has in place and the skills of its managers (Bonoma and Crittenden 1988).

2.. Analyzing Competitors

Every company has to consider how to enter a market and then build and protect its competitive position. There are a number of ways in which distinctive positions can be developed and maintained. A key way to building a strong competitive position is through differentiation which creates a clear image of the company and its products in the eyes of consumers and can lead to distinctive positioning in the market. Competitive advantage is the superiority achieved over the competitor by taking a specific strategy(Cho 1997).

Every company has an assortment of resources that is at least in some ways unique, and resources are both significantly heterogeneous accross companies and imperfectly mobile. A comparative advantage in resources can translate into a position of competitive advantage in the marketplace. All companies, except those companies which have absolute monopoly power, have direct, indirect and potential competitors based on the concept of substitutes.

Direct competitors of a company offer the same/similar product to the same customers in the same/similar condition(s). Therefore, within the same industry, some companies which are specialized/served in some parts of the market may not regard other companies serving in other parts of the market as their direct competitors. Indirect competitors are any companies offering the same/similar class of products and, more broadly, offering any kinds of products in order to compete for the disposal income of the target customers of a company(Black et al. 1985).

Potential competitors are any companies which want to enter the same/similar activities of a company through the extension of their product(s) and/or market(s), or diversification (Aaker 1988). Within the same industry, some companies which are specialized/served in some parts of the market may not regard other companies serving in other parts of the market as their main competitors.

Competitors have some characteristics of good and bad competitors which a company can not easily control, but may influence and thus precipitate a change in their attitudes to some degree(Porter 1985). Everyday a company is confronted with good competitors and bad ones in the marketplace. In order to preoccupy a competitive position in a stabilizing industry, a company′s vigorous action may provoke its competitors′ strong reaction, and change competitors′ attitudes.

Therefore, a company should concentrate its efforts on attacking bad competitors while maintaining a relatively friendly position with good ones, and it should try to minimize the reactions of competitors, if possible.

3. The Structure of Market

The market to which a company belongs is continuously evolving, not static. Therefore, the company is required to adopt a suitable strategy in the market it serves. A market is defined as an intersection between a class of customers and companies produce goods and services. Defining the markets the company is engaged in is actually a very difficult task and requires a substantial degree of creative effort. Market structure, although it changes over time, is basically specified by how many sellers are in the market.

On formulating marketing strategy for gaining cometitive advantage, a company has to understand the structure of the market to which it belongs. In relation with that, Drucker (1974) argued that a company′s business should be thought completely and spelled out clearly, otherwise the company lacks a solid foundation for establishing realistic objectives and goals, strategies, plans, and work assignments.

Market structure is mainly influenced by mobility barriers which are classified into entry barriers, mobility barriers, shrinkage barriers and exit barriers(Kotler 1988). First, mobility barries in relation to market-related strategies are product line, user technologies, market segmentation, distribution channels, brand names, geographic coverage, and selling systems.

Second, mobility barries in relation to industry supply characteristics are the economics of scale (production, marketing, and administration), manufacturing processes, R&D capability, marketing and distribution systems. Third, mobility barries in relation to characteristics of companies are ownership, organization structure, control systems, management skills, boundaries of companies, diversification and vertical integration, company size and relationships with influence groups (McGee and Thomas 1986, and Kerin et al. 1990). Along with those, the government can create artificial mobility barriers through the licensing and legislation.

Accordingly, market structure can be mainly classified into the structures of monopoly, oligopoly, monopolistic competition, and pure competition. However, many companies are located in the situation of monopolistic competition. Although a number of companies are operating in the market, they differentiate themselves from others in the market partly by their efforts and partly by the artificial demarcation of regulatory authorities.

<Figure 1> The Target of A Company in The Market

All needs of Some customers	All needs of All customers
Some needs of Some customers	Some needs of All customers

Source : Stemper (1990), p. 26.

Even though a number of companies compete in the same market, their market coverages are different from those of others in the same market based on the customer groups they have targeted to serve, geographic coverage, and/or the range of their products. Based on its capabilities and market conditions, a company in the certain market can target its business toward some or all customers, and toward satisfying some or all of their needs as shown in figure 1.

On compromising between the capabilities of companies and the profitability from the market served, some companies try to meet all (or some) needs of all customers, and others try to fulfil all (or some) needs of some customers in the market. However, others produce limited range of cars for fulfilling a limited customers needs in limited areas.

Products of those companies which try to satisfy all needs of all customers should be wide enough to fulfil all the needs of all customers in the market, and to encourage them to use the products. Therefore, it is required to have the major resources commitment of the companies. However, it is impossible to satisfy all needs of all customers practically because some customers may have the personalized different needs from others, and then they require different products. It is also not viable for a company to invest in products which do not provide an adequate profit, even if they can fulfil customers needs.

Those companies which try to serve some needs of all customers can minimize the investment required, and avoid entrenched head-on competition (Stemper 1990). However, if a company can not differentiate itself from others properly, and it can not gain a competitive advantage through the superiority of image, product quality, innovation and others, it will become involved in head-on competition, and the area served by the company will become a severely competitive one. Therefore. the company serving some needs of all customers has to clarify the customers′ needs which can be large enough to guarantee a long-term profit to the company.

The company can differentiate from other companies in order to overcome potential severe competition by capitalizing the use of internal resources. In the market, some companies can target customers who live in some areas, and belong to certain age groups, life style, occupation, income level and others.

Those companies trying to serve all (or some) needs of some customers have to target a proper customer group(s) and communicate effectively with the targeted customers in order to succeed.

Those companies which try to serve some needs of some customers can manage and differentiate themselves easily. The capital requirements for the company in this position may be relatively small, but creativity and innovation are vital for success. However, the risk is when the niche which the company has served may change dramatically or disappear.

The products offered by any company in any position of the market should satisfy the essential needs of the target customer groups in order, at least, to survive. Regardless of company′s position in any quadrant of the four in figure 1, its main operating objective should be a long-term survival with an adequate profit. After the fulfilment of the main objective, a company may pursue to increase the rate of return on investment or its market share, and to become a market leader or a market dominator.

Accordingly, a company has to altercate its strategic direction which can result in either growth, stability or a reduction in its size and operations which are measured by sales (or resources employed), based on both its internal capabilities and external conditions (Luffman et al. 1987). If a company predicts that it can not survive in the long-term because of the lack of internal capabilities and because of strong adverse effects (or threats) in the external environment which surrounds a company and affects the activities of a company, the company has to choose a strategy of reduction. Otherwise, a company has to pursue either growth or stability strategy.

Ⅲ. Influencing Factors on Strategy Establishment

Formulating a suitable strategic plan and implementation requires matching an organization's internal capabilities with its external opportunities, subject to an acceptable degree of risk. A company can avoid major surprises which may come, identify threats and opportunities in good time, improve planning, decrease reaction time, and enhance the self-understanding of internal capabilities, through proper environmental analysis(Marsh 1988, James 1991). Therefore, as the first step of developing competitive strategy, a company should understand the determinants of strategy which are likely to dictate or mould the strategy to be selected by the company.

As major determinants of strategy, Thompson and Strickland(1978) described product-market opportunities, environmental threats, societal constraints and social responsibility, organizational competence and resources, managerial values and aspirations, organizational personality.

Opportunity will occur either within the scope of a company or an industry- wide. The industry-wide opportunity will be less likely to provide a competitive advantage to an individual company, because almost all companies in the same industry will enjoy the opportunity available in the market. However, some companies may encounter a relative competitive disadvantage, if they cannot grasp the opportunity available due to the lack of the internal capabilities. If an opportunity provides a benefit for a company solely, and its internal capabilities may fit into the opportunity available, the company will enjoy a strong competitive advantage in the market. A company has to judge an opportunity based on its attractiveness and its success probability(Kotler 1988), and then develop a suitable competitive strategy.

Generally, environmental threat occurs without warning or with few, if any, advance clues. Moreover, even though threatening signals may be detected early, it is not always easy to assess the extent of their strategic significance. Therefore, a company is more likely to react to threat rather than to attempt to predict it. Threat assessed by the seriousness and probability of its occurrence causes difficulty in implementing the continuation of a strategy or a new strategy to pursue a new opportunity.

Matching its internal capabilities with its external conditions, either opportunities or threats, requires to modify the strategy of a company(Andrews 1971). Besides, adopting a certain strategy tends to result in different impacts on the welfare of society. Therefore, a company has to consider its general obligations to protect and improve the welfare of society on launching its competitive strategies.

External environments which influence(or dictate) the operations of a company comprise government policy and legislation, political and economic situation, culture, demographic, technological development and others. The assessment of external conditions will provide a company with a clear picture of opportunities and/or threats.

The changing external conditions can provide a company with either new strength, weakness, opportunity and/or threat, as well as alter its strength (or opportunity) into weakness (or threat) and vice versa. Therefore, a company has to observe the changing patterns of the external environments carefully. If the external conditions which influence the business sector prospects are not fully recognised, and if a competitive strategy of a company is not developed and implemented properly in the market, the company is less likely to gain a competitive advantage, and the resources used to develop the competitive strategy are consumed, without any fruit.

With respect to the internal capabilities of a company, Thompson and Strickland (1978) said "opportunity without the competence to capture it is an illusion". Therefore, the main reasons for analyzing the capability of a company are : to capitalise on external opportunity which usually signifies effective use of internal strengths, to protect the company from environmental threats through assessing internal weaknesses as well as strengths in order to erect adequate defence, and to reach a compromise between offence and defence with the optimum balance dependent on awareness of external conditions and skilful utilization of internal resources (Harrison 1989).

Greenley (1989) categorized the internal capabilities of a company into resources, managerial and operations capabilities. Resources capabilities of a company include its financial structure, physical resources, intangible resources, human resources, and administrative systems.

First, financial structure can be decided by the current structure of capital employed and the potential availability of future funds, tax position, investment intensity and others.

Second, physical resources can be determined by geographical spread and current conditions of premises and machinery, technology adopted and others.

Third, intangible resources include corporate image, goodwill, patents, trade marks, reputation, consumer loyalty and others.

Fourth, human resources come from quality of employees, quality of training and development, labour cost, good industrial relationship and others.

Fifth, administrative systems include the internal organisation of work, and delegation of duties.

Management is the vital force that makes a company go, and good management is the key factor in the successful performance of a company. The management capabilities of a company represent the responsiveness attitude of managers, the competence of managers to respond to change, and the capacity of managers to absorb and carry out the volume of work. Most managers are more likely to behave in accordance with their own view of strategy and their own values and preferences when choosing among alternative strategies and when interpreting the strategic plan.

Operational capabilities of a company can be characterized as marketing factors and production factors. Marketing factors can be examined by the following aspects as : suitability of current products in relation to market needs, as well as the development and implementation of product modifications, price structures relative to profitability and market price levels, the role of promotional communications within the mix in relation to expenditure and effectiveness, and appropriateness and effectiveness of selling and distribution, including the total service provided.

The shared set of corporate values and expectations seems to provide a guide for behaviour including establishing a competitive strategy. It has been suggested that a lack of shared organizational values may seriously impact upon the successful implementation of strategies (Leontiades 1983). The greater the level of shared organizational values, the greater the likelihood of characteristic behavior leading to successful or unsuccessful organizational performance(Schwartz and Davis 1981, Badovick and Beatty 1987).

Each company has its own unique personality and mode of behaviour. For example, some companies are aggressive, and others are more complacent and slow-moving. Accordingly, a company may have a tendency to adopt either steady-growth strategies, aggressive strategies, or merely to follow strategies initiated by competitors.

Ⅳ. Framework of Competitive Strategies

Every company has an assortment of resources that is at least in some ways unique. A comparative advantage in resources can translate into a position of competitive advantage in the marketplace. By using resources which a company have, a company can develop its competitive strategies based on either the company itself, its competitors, or customers (Ohmae 1982). The main aim of the company which develops competitive strategies based on its capabilities is to maximize its strengths (eg. product quality, wide distribution channel, low costs) to win through competition in the functional areas that seem to be critical to success in the market.

The company in corporate-based strategies may pay less attention to either its competitors or customers than its capabilities. Therefore, a company′s lack of the knowledge of its competitors′ movement and changing customers′ needs will not only create dissatisfaction amongst customers and thus lead to customer disloyalty, but also make the company vulnerable to competitors′ attack.

Competitor-based strategies are constructed by looking at any possible sources of differentiation from its competitors. A company in competitor-based strategies spends a great deal of its resources in tracking competitors′ movements and competitors′ market shares.

Accordingly, its strategies are basically determined by competitors′ actions and reactions in the market(Kotler 1988).

Competitor-based strategies of a company can develop a fighter orientation, and make the company constant alert by watching for its weaknesses and competitor′s weaknesses. A company in competitor-based strategies exhibits a great reactive pattern based on the movements of its competitors. Therefore, its competitors can easily predict/prepare the reactions of the company against their new strategic changes.

A company in customer-based strategies focuses more on customers′ needs and wants. Different customer groups are likely to want slightly different products in the market, and strong competition among companies in the market will give customers many alternative choices. Consequently, a company must monitor and respond to customers′ changing needs and preferences in order to ensure the fact that customers select its offerings over competing alternatives(Kohli and Jaworski 1990). Customers judge their satisfation or dissatisfaction with a product by compairng its performacne against a reference level of expectations established in their minds.

However, a company can not satisfy all customers so that it has to distinguish the easily accessible customers′ groups from the hard-to-reach groups. The capabilities of competitors which fulfil customer needs of the same customer groups are different from those of the company. Therefore, the customer-oriented company is in a better position to identify new opportunities, to set a strategy course and to invest its capabilities effectively than those companies with either corporate- or competitor-based strategies. In line with that, Ohmae (1982) insisted customer-based strategies are the basis of all strategies.

The dilemma is lain to choose one of these three strategies, corporate-based, competitor-based, or customer-based. A company can analyze its competitors and customers in the market, but it can fail to strengthen its capabilities. If a company with competitor-based strategies is deliberately misled by others, and if it can not preempt a trap made by its competitors, the company will spend its capabilities, without any fruit.

Therefore, customer-based strategies are thought to be the basis of all strategy of a company. However, every company is required to keep on paying balanced attention to its capabilities to fulfil customers′ requirements, and its competitors′ strategic movement on developing strategies.

1. Competitive Advantage By Differentiation

From the customer′s perspective there are only two dimensions along with which an offering can be positioned relative to its competitors. It can either have different non-price benefits or a different price, or both. Therefore, the two dimensions of positioning are differentiation and relative price(Mathur 1992). However, of these two dimensions, differentiation is more fundamental to the seller for two practical reasons. First, although price changes can be executed and communicated virtually instantly, it generally takes much longer to change the level of differentiation. Differentiation therefore requires planning further ahead. The second is that though in exceptional cases a higher price can play a part in fostering differentiation, normally the dependence is the other way around, differentiation governs the price that can be set. The price differential largely reflects the remoteness of substitutes. Differentiation is therefore the more significant dimension of positioning. In many situations differentiation policy is so much more important than price policy that differentiation and positioning can be regarded as virtually interchangeable terms(Mathur 1992)

A key way to building a strong competitive position is through differentiation which creates a clear image of the company and its products in the eyes of consumers and can lead to distinctive positioning in the market. The differentiation strategies treated as the basic strategies to obtain and sustain a competitive advantage should be adapted by all companies. The company is required to differentiate itself from its competitors successfully in order to support the implementation of a selected strategic direction, and to achieve competitive advantages in the market it serves. The reason for this is the possibility that a company will perhaps encounter current competitors which adopt the same strategic direction in the market, and/or others which are already pursuing the same strategic direction newly adopted by the company.

Customer satisfaction is the result of perceived product/service value. Generally, Customers judge their satisfaction or dissatisfaction with a product by comparing its performance against a reference level of expectations established in their minds. Michael Porter(1980) said differentiation strategy is "one of differentiating the product or service offering of the company, creating something that is perceived industrywide as being unique" through the following forms as design or brand image, technology, features, customer service, dealer network, and others. In the market(s) it serves, a company can differentiate itself from its competitors through the modification and improvement of the current product(s) offered. However, the differentiated features can only have strategic importance if they are recognised and valued by the target customers (Johnson and Scholes 1988), and if they can reduce the substitutability of other products(Mathur 1988). In order to gain a competitive advantage, a company has the potential for producing a competitive advantage, when it has a resource that is rare among competitors(Hunt and Margan 1995).

The differentiated features created by a company should be perceived by the target customers, not only by its competitors, as being unique (noticeably better, not merely among the better suppliers of products) in the market. To achieve competitive advantages effectively, the differentiated features can not be imitated by competitors easily, and should give meaningful benefits to customers so that they will pay a sufficient premium over any increased costs on the added benefit(Sharp 1991). However, when implementing differentiation strategies, a company should not cause an additional cost incurred, if possible.

A company's competitive advantage is durable only if competitors cannot readily imitate its superior product/delivery attributes which can help to differentiate itself from others. Differentiation creating a durable competitive advantage can be determined by the effectiveness of business system, positioning in marketplace, regulatory/legal intervention, and/or organization or managerial quality(Coyne 1986). Competitive advantage is the result of all net differences in important product/delivery attributes, not just one factor such as price or quality.

2. Types of Differentiation

If a product or service is not differntiated then there is little to stop customers switching between competitors, which in turn raises the degree of rivalry between them. Competitors will also be concerned with the degree of rivalry between themselves in their own industry. A company can differentiate itself from its competitors through either the product (merchandise), the customer support it offers, or both, as well as through price dimensions.

Mathur(1988, 1992) suggested a broad framework for classifying the ways in which a company can differentiate itself from competitors based on "merchandise" and "support" as shown in figure 2. He produced a matrix based on the differentiated (or undifferentiated) merchandise and support, and referred the four generic strategies such as system, product, service and commodity.

System - the company analyses the customer's requirement, and designs, fabricates, supplies and installs the tailor-made merchandise as part of a unique package.

Product - differentiated from the merchandise of other companies by the construction material used or other technical and physical feature. It could be profitable to brand the product.

Service - the company provided a unique programme aimed at assisting the customer to assess and specify his or her requirements for heat exchangers, which are subsequently supplied from a standard range and installed with great expertise.

Commodity - the merchandise is sold with technical specifications and other features undifferentiated from those of competitors, nor does the company provide differentiated support(Mathur 1988).

Deciding which way and how much a company wishes to differentiate in two dimensions (ie. merchandise and support) will be one of the most important strategic decisions made by the company.

First, a company can differentiate itself from others through either a content of merchandise or an image of merchandise, or both. Content of the merchandise means unique performance capabilities of the merchandise. Image of merchandise (or company) reassures a customer about the choice which he/she made, without placing great emphasis on the content of the merchandise chosen. Therefore, the image created by a company and accepted by customers can give the company the scope for differentiation that extends beyond a certain class of merchandise.

<Figure 2> Dimensions of Offering Differentiation

MERCHANDISE		SUPPORT: Differentiated	SUPPORT: Undifferentiated
	Differentiated	System	Product
	Undifferentiated	Service	Commodity

Source : Mathur(1988), p. 34.

Second. a company can differentiate itself from others by providing either better personalised support or greater expert support, or both. These can be created by a friendly smile, a more cordial handshake, and a more willing attention to its customers based on the good knowledge and familiarity of its personnel with the problems, and needs of its customers.

As a conclusion, Mathur(1988) argued that the company, intend not to differentiate its offerings, is left with price as the only competitive weapon, so that it must not charge more than its competitors. On the other hand, if the offerings is to be positively differentiated, then company can command a price premium relative to its competitors. Therefore, the differentiated offering is seen to confer greater benefits and has a uniqueness which reduces threats from competitors. This makes a company to charge higher prices and to enjoy competitive advantage.

Once a company has decided where it wishes to position itself along the merchandise and support dimensions, it is well on its way to one of its important decisions how it wishes to compete. However, a company must remember that differentiation, as a weapon gaining competitive advantage, is only of strategic importance if it is recognized and valued by consumers. For a company to enjoy a competitive advantage in a product/market segment, the difference between the company and its competitors must be felt in the marketplace.

V. Summary

Sustainable competitive advantage is the goal of every competitive strategy. A company has to frame proper competitive strategies in order to survive in the market it operates, and to achieve its business purpose(s). A competitive strategy can be defined as the search of a guideline for a company′s actions to keep on its survival from the changing competitive external conditions, and to achieve its business purpose by properly deploying its internal capabilities.

Obtaining and sustaining a competitive advantage requires the understanding of the complexities of company′s activities, competitors, market structure, and internal capabilities and external conditions. Formulating a competitive strategy effectively, a company should review its past and current performance, its resources available, and the characteristics and opportunities in competitive environments. Thereafter, a company should try to implement its strategies to overcome major problems had/coming, and to prey upon competitors′ weaknesses. If the external conditions influencing the business sector prospects and a competitive strategy developed by a company are not properly met in the market, the company is less likely to enjoy a competitive advantage, and the resources used to develop competitive strategies are consumed, fruitlessly.

Even though customer-based strategies are thought to be the basis of all strategies, a company is required to pay balanced attention to the needs and wants of customers, its capabilities to fulfil customers′ needs and wants, and its competitors′ strategic movement on developing strategies. A company in a certain market can target its product(s) to some(or all) customers in a whole (or some parts of) market based on its capabilities and market conditions. However, products offered by a company in any position of the market should satisfy the essential needs of the target customer groups.

The differentiation strategies treated as the basic strategies to obtain and sustain a competitive advantage should be adapted by all companies. A company can differentiate itself from others through either the product(or merchandise), the customer support it offers, or both, as well as through price dimensions. It may be worth thinking about adopting the more unusual ways, as a company tries to differentiate itself from its competitors. Finally, the most important thing to understand, on the marketing strategy establishment, is that competition lies not in what customers purchase, but how they choose between the offerings of many companies in the market. Therefore, for a company to enjoy a competitive advantage in a product/market segment, the difference between the company and its competitors must be felt in the marketplace.

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