

5 Generic Competitive Strategies

Type of Feature	1. Low-Cost Leader -ship	2. Broad Differentiation	3. Best-Cost Provider	4. Focused Low-Cost and 5. Focused Differentiation
Strategic Target	Broad cross section of the market	Broad cross section of the market	Value-conscious buyers	A narrow market niche where buyer needs and preferences are distinctively different from the rest of the market
Basis of competitive advantage	Lower costs than competitors	An ability to offer buyers something different from competitors	Give customers more value for the money	Lower cost in serving the niche (focused low cost) or an ability to offer niche buyers something customized to their requirements and tastes (focused differentiation)
Product line	A good basic product with few frills (acceptable quality and limited selection)	Many product variations, wide selection, strong emphasis on the chosen differentiating features	Good-to-excellent attributes, several-to-many upscale features	Customized to fit the specialized needs of the target segment

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Production emphasis	A continuous search for cost reduction without sacrificing acceptable quality and essential features	Invent ways to create value for buyers; strive for product superiority	Incorporate upscale features and attributes at low cost	Tailor made for the niche
Marketing emphasis	Try to make virtue out of product features that lead to low cost.	Build in whatever features buyers are willing to pay for. Charge a premium price to cover the extra costs of differentiating features	Under price rival brands with comparable features	Communicate the focuser's unique ability to satisfy the buyer's specialized requirements

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Sustain-ing the strategy	<p>Economical prices/good value.</p> <p>All elements of strategy aim at contributing to a sustainable cost advantage -- the key is to manage costs down, year after year, in every area of the business</p>	<p>Communicate the points of difference in credible ways.</p> <p>Stress constant improvement and innovation to stay ahead of imitative competitors.</p> <p>Concentrate on a few key differentiating features; tout them to create a reputation and brand image</p>	<p>Unique expertise in managing costs down and product /service caliber up simultaneously</p>	<p>Remain totally dedicated to serving the niche better than other competitors; don't blunt the firm's image and efforts by entering segments with substantially different buyer requirements or adding other product categories to widen market appeal</p>