

Competitive Advantages

Unit 2
Thursday October 8, 2015

Non-traditional product life cycles

Fad

Trend

Niche

Seasonal Markets

** Identify an example for each of the non-traditional life cycles**

Types of Competitive Advantages

- ☞ There are two types of competitive advantages that exist in marketing; sustainable and non-sustainable

- ☞ Successful companies attempt to develop as many sustainable advantages as possible to stay ahead of competitors

- ☞ **Sustainable Competitive Advantage**

- ☞ **Non-Sustainable Competitive Advantage**

Sustainable Competitive Advantages

- **Developing a unique selling proposition**
 - Creating awareness for the one feature your product/service has that competing companies do not have.
- **Lowering Production Costs**
 - Implementing the use of cost efficiency, technology, etc in the production process.
 - Outsourcing
- **Servicing a Niche Market**
 - Recognizing a need in the market before other competitors and as a result developing customer loyalty with that specific group.
- **Creating Customer Loyalty**
 - Focusing on retaining customers, rather than losing them to competitors.
 - Relationship marketing is a term used to describe customer loyalty, due to the relationship developed between the customer and company.

Non-Sustainable Competitive Advantage

- **Promotion**
- **Placement**
 - Focus on where your products are sold, how they will get there and how the customer will be able to obtain them.
- **Quality**
 - Updates in quality are necessary when products/services fail, competitors develop better quality products, or demand changes.

Non-Sustainable Competitive Advantage continued ...

- **Benefits of Use**
 - Value lies in what the product will do for the consumer, not what it actually is.
- **Price**
 - Fluctuations in the economy, unemployment rate, availability and quality of products drive pricing.
- **Design Features**
 - Focus on the appearance of a product and its functionality.

Services

↳ **Services** are activities performed for customers that are non-tangible in nature.

↳ **Value added-services** are those businesses that offer a product or additional service along with the service being provided.

Competition in the Service Industry

↳ **Convenience**

- Making an activity easier or more comfortable.

↳ **Degree of Service**

- The range of services provided in a particular business.

↳ **Selection**

- The greater the selection of services that are offered the more competitive a business will be viewed.

↳ **Reputation**

- Being viewed in a positive light by the public.

↳ **Price**

- If two services are similar the lower priced service will always be more competitive.

Homework Questions

1. Identify 4 services that do not offer a value added option.
2. Identify 4 value added services and explain how value is added to the initial service.
3. Identify one product/service situation that fits with each of the sustainable competitive advantages.
4. Identify one product/service situation that fits with each of the non-sustainable advantages.
5. Explain three ways that competition for products is different than competition for services.
6. Make a list of 5 products/services that you have bought (or your parents have bought for you) in the past 6 months. In your opinion what was the main competitive advantage that each of those products/services had over their competitors?
