Shikshadwar

Gateway to knowledge

INDIA'S BELOVED CA EDUCATORS

TEAM SHIKSHADWAR

CA ADARSH JOSHI

CA , B.COM

FOUNDER

- 8+ years of teaching experience in CA education
- Subject Expert in:
  CA Foundation – Paper 2: Business Laws
  CA Intermediate – Paper 2: Corporate and Other Laws
- Has uploaded over 3000+ educational videos for CA Foundation and CA Inter students
- Known for his dynamic, conceptual and “fun-and-learn” teaching style
- Guided thousands of students across India to success in CA exams
- Strong academic background with B.Com (BMCC, Pune) and ACA qualification
- Widely appreciated for his clarity, energy, and practical approach to law subjects
- Through Shikshadwar, offers comprehensive classes, books, tests, and mentorship to CA students

CAADARSHJOSHI

CA DARSHAN JAIN

CA , CS , LLB , DISA , DIRM , B.COM

CO FOUNDER

- Chartered Accountant by profession & educator by passion
- Teaching Financial Accounting , Financial Management & Strategic Management to CA Students For 12 Years.
- Practicing Chartered Accountant For Past 13 years in The Field of Audit , Direct & Indirect Taxes & Management Consultancy
- Elected as Convenor of The Jalna CA CPE Chapter of WIRC of ICAI For 2 consecutive years 20-21 & 21-22.
- He Has Successfully Completed & Qualified Following Certificate Course Conducted By ICAI

1. Forensic Accounting & Fraud Detection
2.Concurrent Audit of Banks
3. Goods & Service Tax (GST)
4. Public Finance & Accounting
5. Drafting & Pleading Before Authorities
6. Wealth management & Financial Planning
7. Artificial Intelligence

@CA_DARSHAN_JAIN

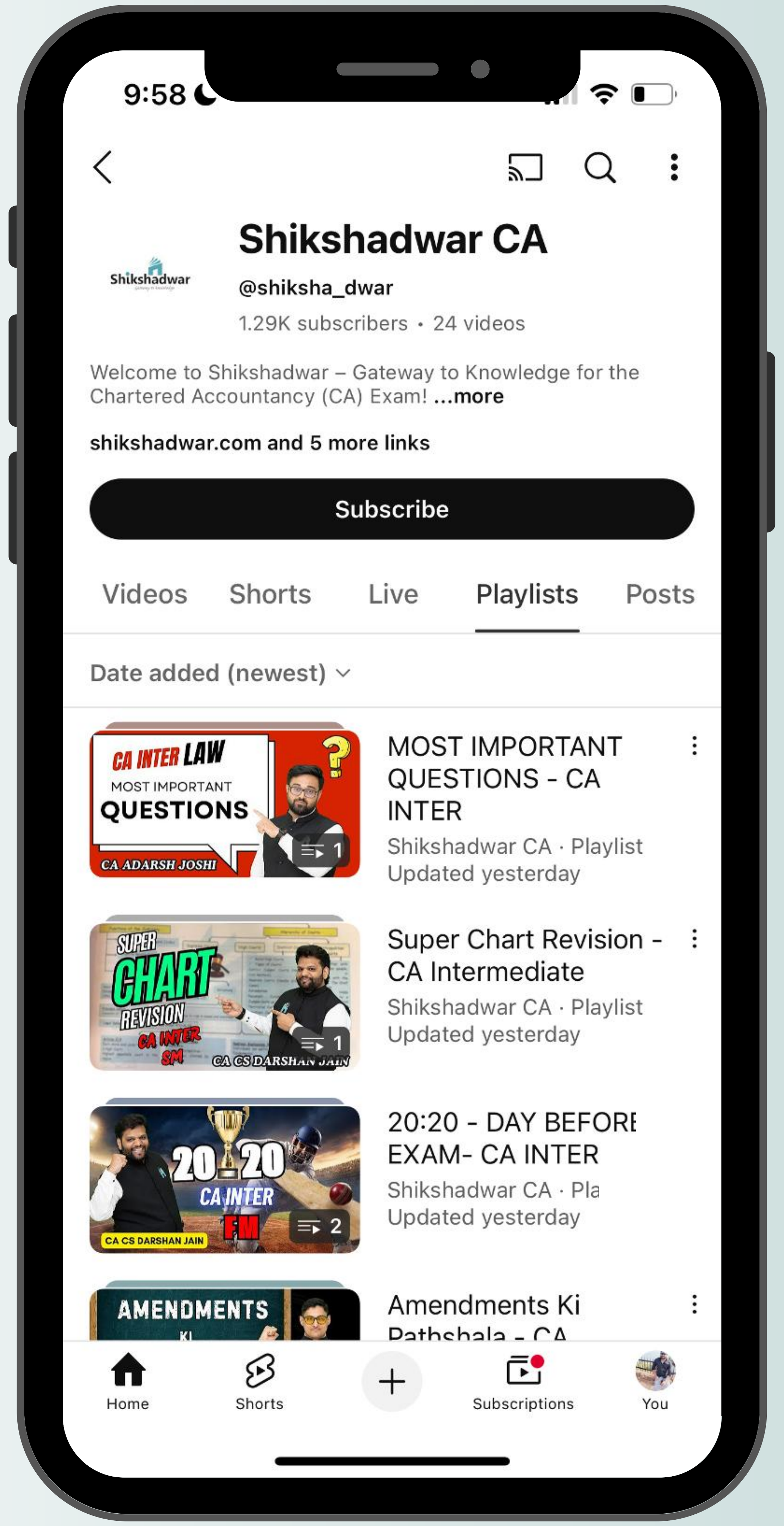
CA TUSHAR TAPARIA

CA , LLB

- A multi-faceted professional with a Chartered Accountancy qualification and a Bachelor’s degree in Law.
- Brings 7+ years of teaching experience across CA and CS professional courses.
- Specializes in:
- Taxation at CA Intermediate and CS Executive levels
- Economics at CA Foundation level
- Known for simplifying complex concepts with crystal-clear explanations and practical insights.
- Expert in delivering Fasttrack batches with proven accelerated learning techniques.
- Frequently invited as a visiting faculty for Taxation at reputed coaching institutes.
- Loved by students for his interactive teaching style, real-life examples, and exam-oriented approach.

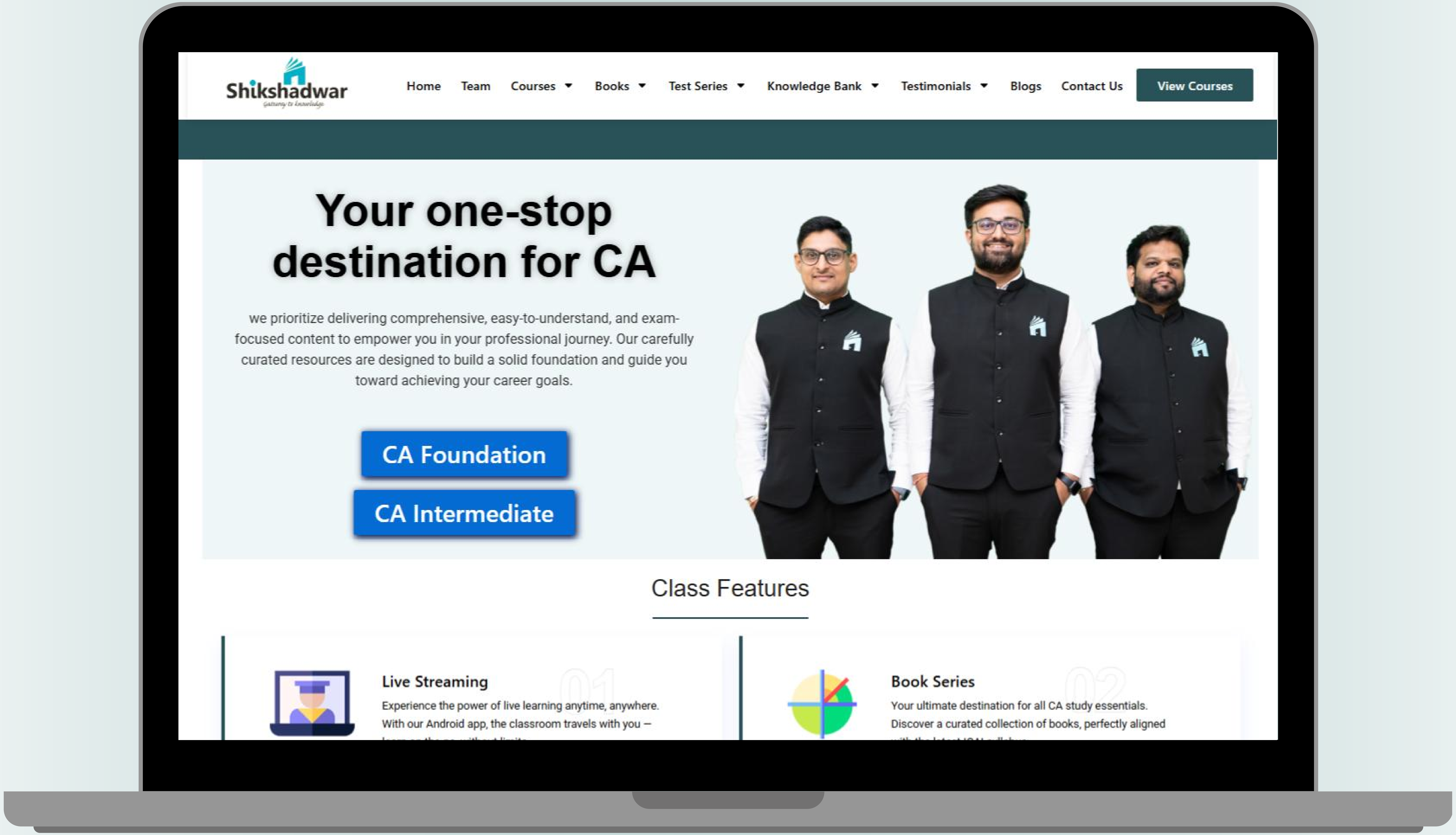
@CA_TUSHAR_TAPARIA


Shikshadwar
Shikshadwar CA
live stream
mute
discuss
more
share link
https://t.me/shiksha_dwar
description
GATEWAY TO KNOWLEDGE ✨
Welcome to Shikshadwar, your go-to hub for CA students! 📚
Get the latest study materials, books, and exam resources to ace your exams.
Open the Gate to Knowledge and start your journey to success! 🚀
https://chat.whatsapp.com/BilUAMm
Administrators
Subscribers
Channel Settings
Join Now
Group info
Shikshadwar
Shikshadwar CA
Voice Chat
Search
Welcome to the Shikshadwar – your Gate to Knowledge! 🎓📚
Exclusively for CA students, this channel provides you with the best study materials, books, and resources to help you succeed in your exams. Join now and empower your journey towards excellence! 🚀
Media, links and docs
Starred messages
Notifications
Join Now

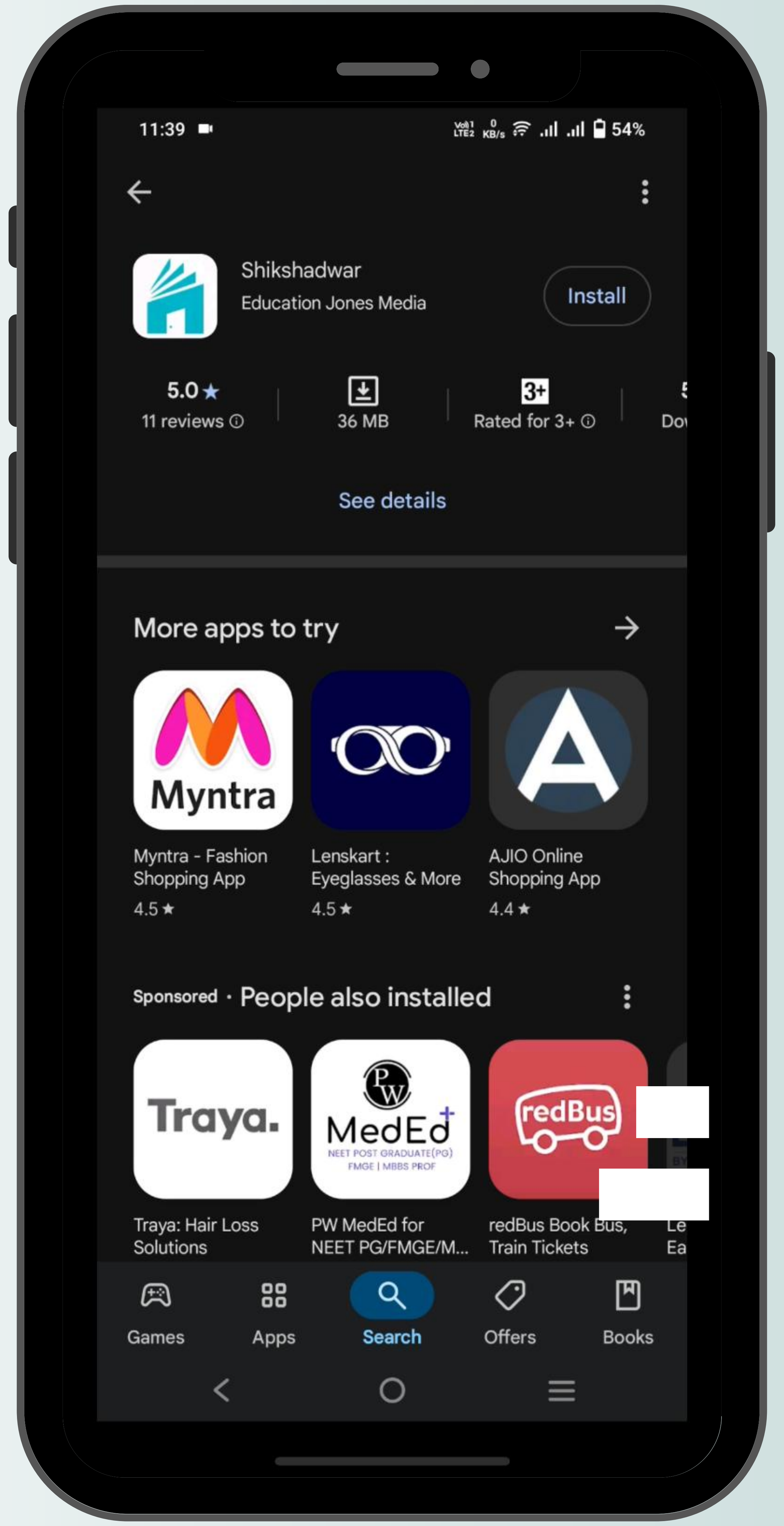


Join Now

Join Now

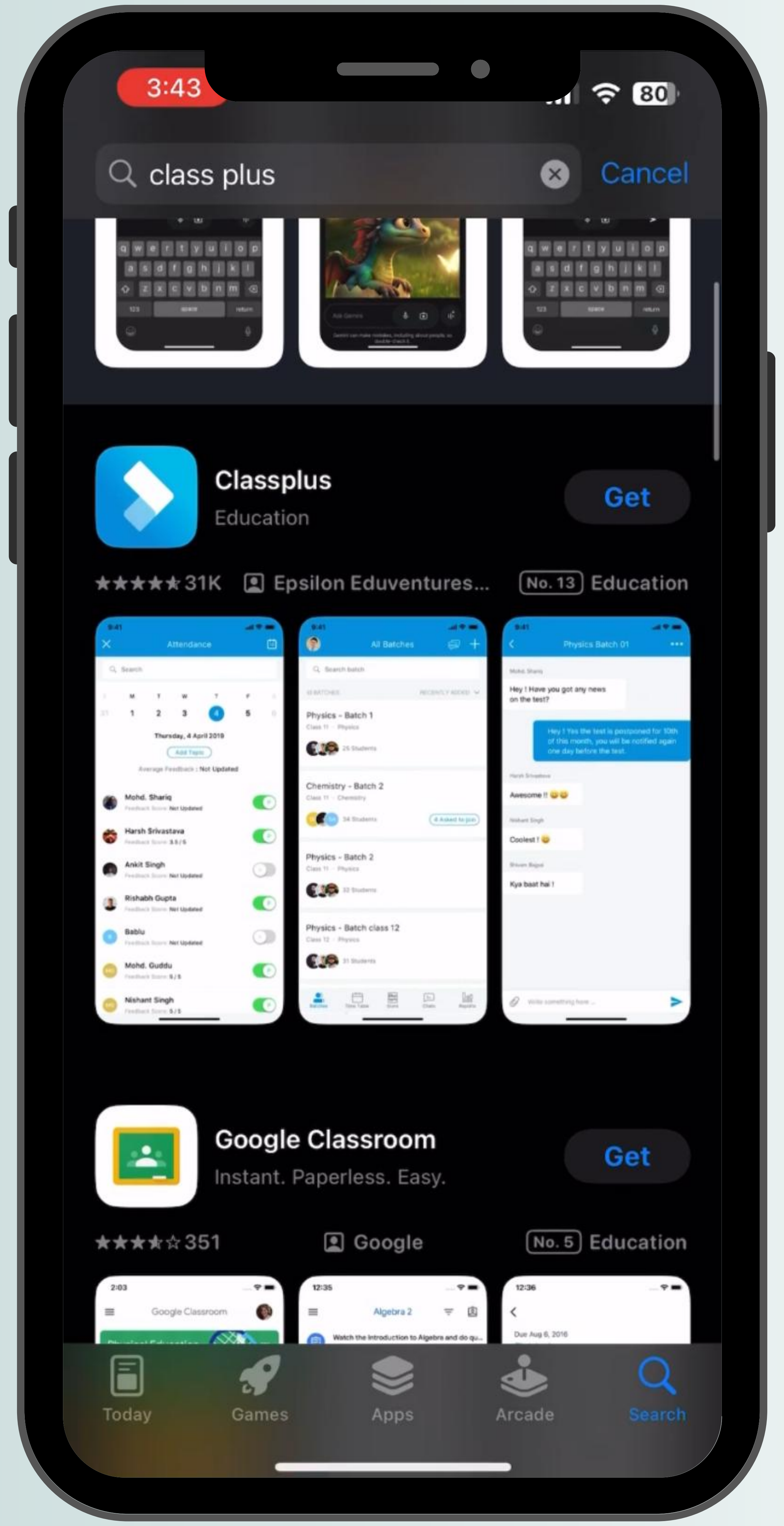


Website www.shikshadwar.com



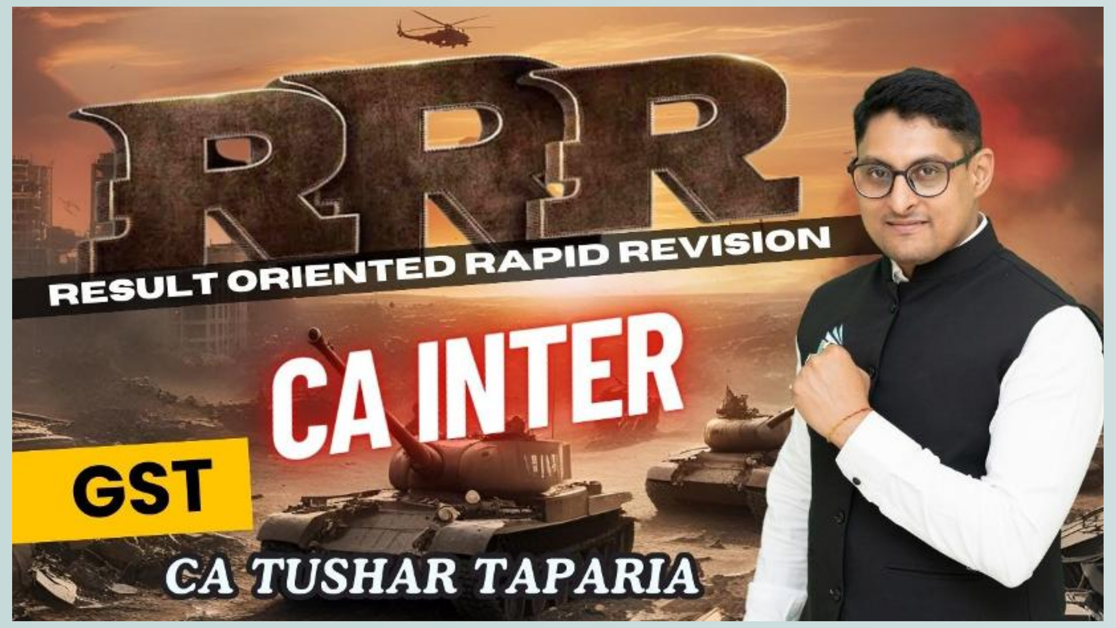
Download

(Use Org Code: EMSOY)



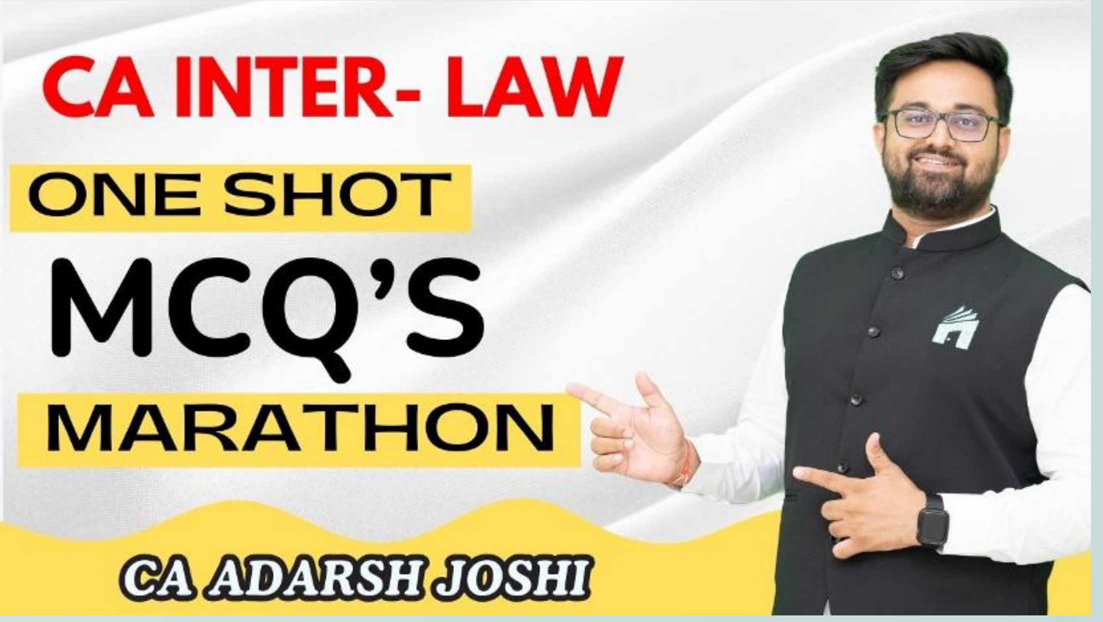
Download

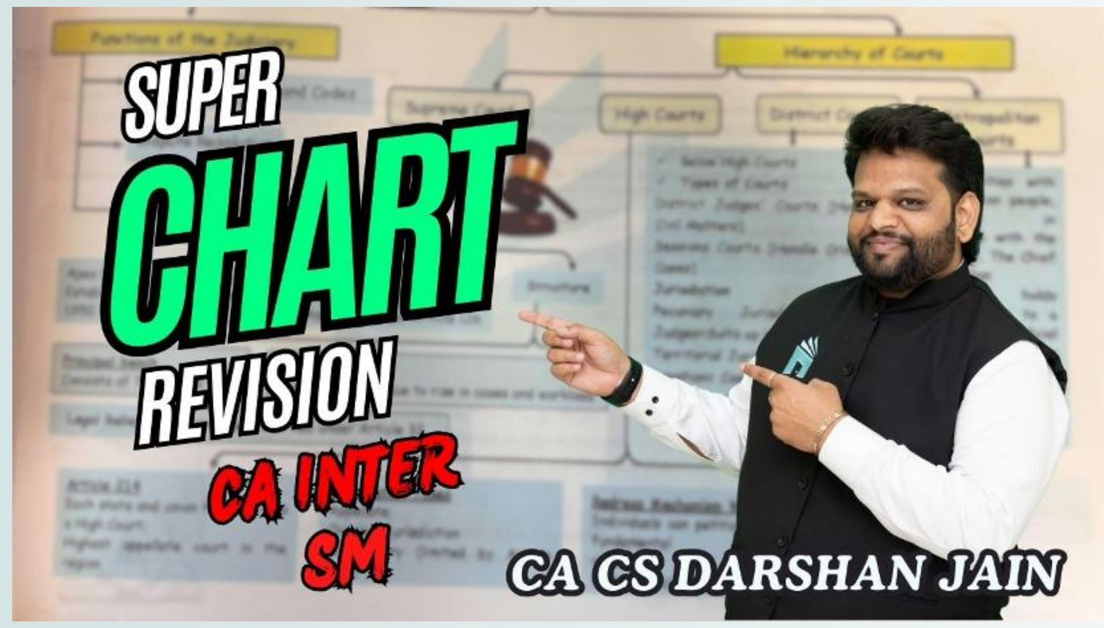
CA INTERMEDIATE MAY 25
Marathons Live Streams



RRR - Result Oriented Rapid Revision

Most Imp Questions





One Shot MCQ's Marathon

Super Chart Revision

Amendments Ki Pathshala

20 -20 Series

CA INTERMEDIATE MAY 25

Marathons Schedule With Links

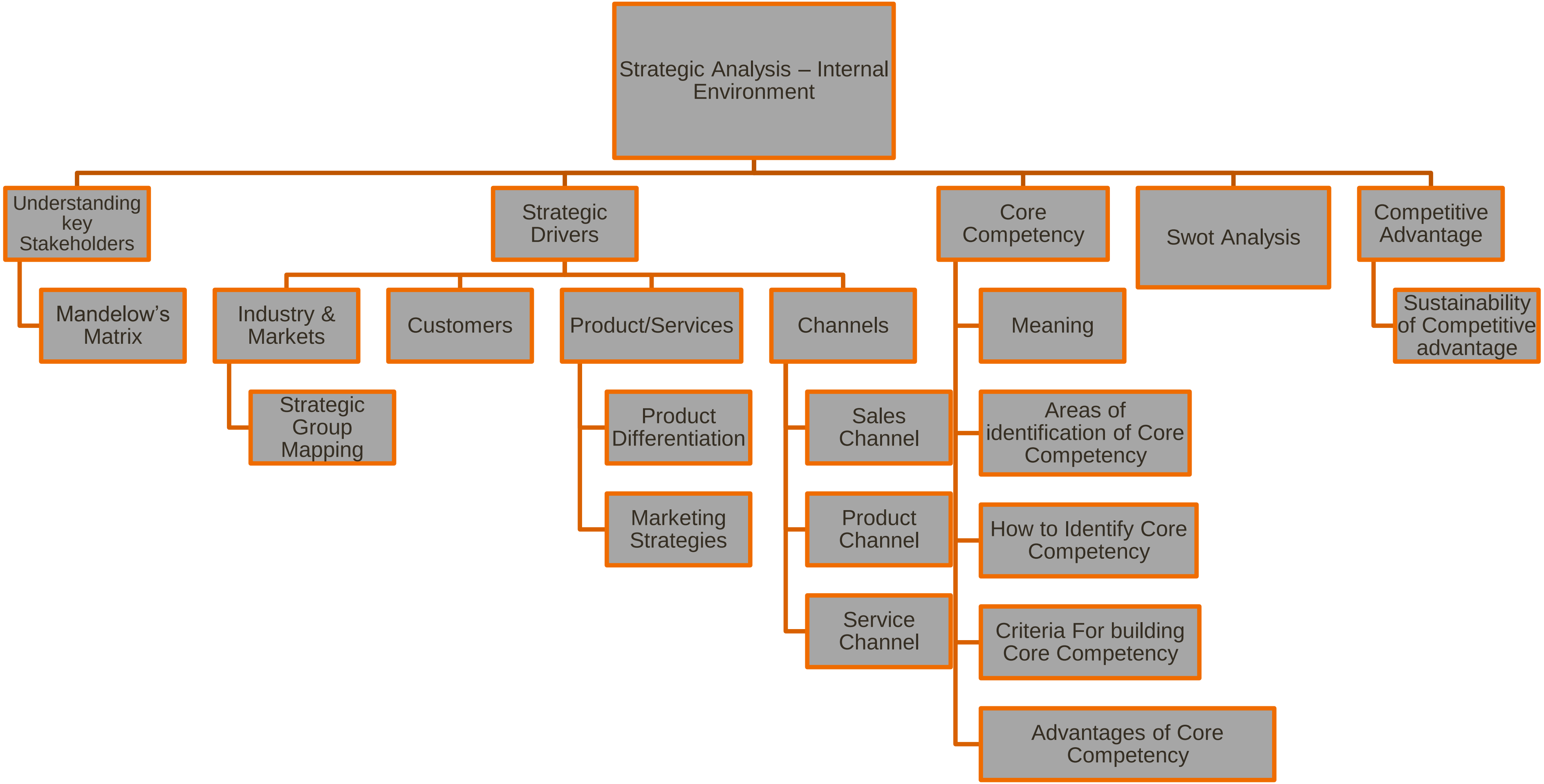
DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
17/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	RRR	WATCH NOW
18/4/2025	12.00 NOON	CA TUSHAR TAPARIA	GST	RRR	WATCH NOW
19/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	RRR	WATCH NOW
20/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	ONE SHOT MCQ MARATHON	WATCH NOW
21/4/2025	2.00 PM	CA TUSHAR TAPARIA	GST	GST AMENDMENTS & ITS IMPORTANT QUESTIONS	WATCH NOW
23/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	ONE SHOT MCQ MARATHON	WATCH NOW

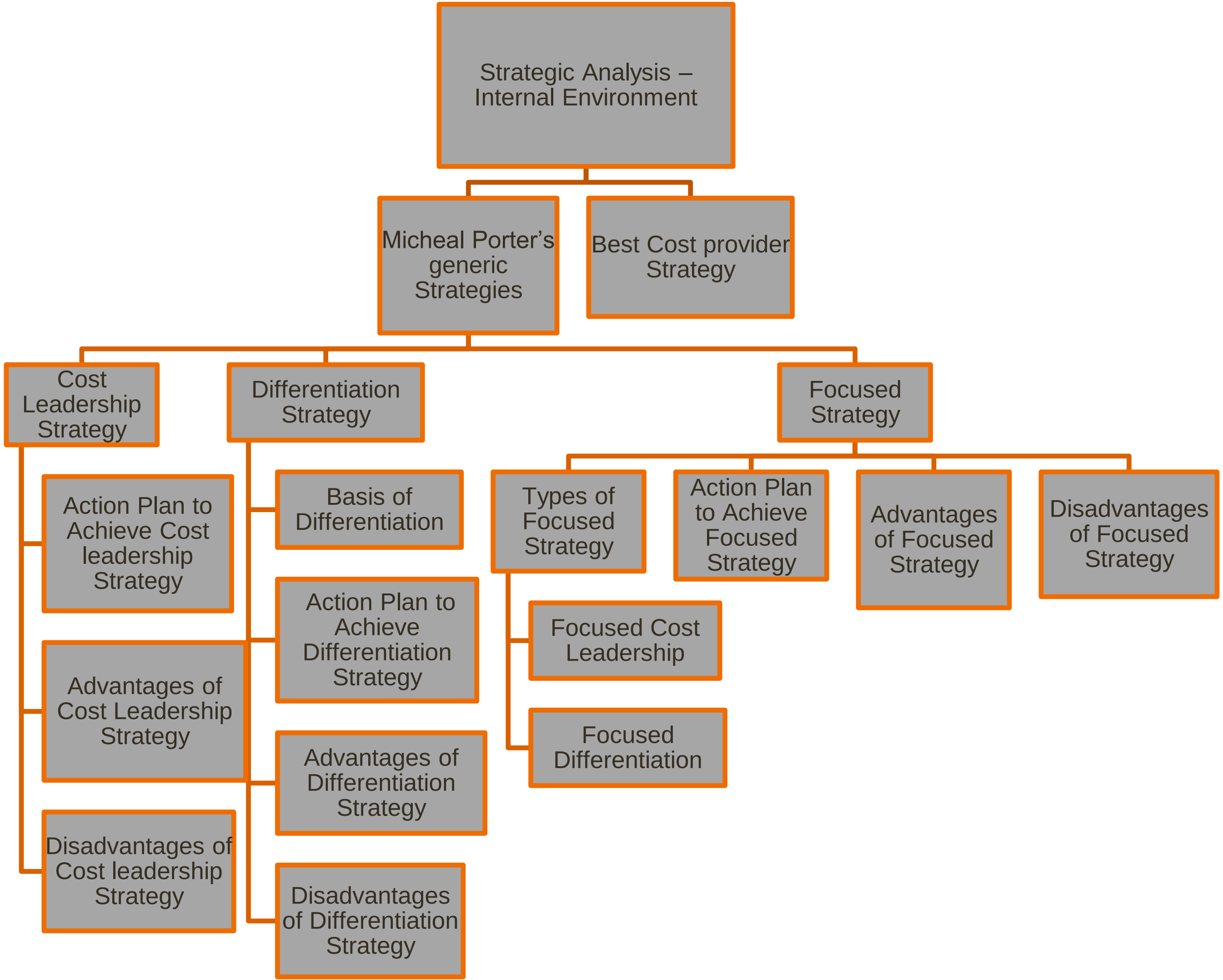
DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
24/4/2025	2.00 PM	CA TUSHAR TAPARIA	DT	DT AMENDMENTS & ITS IMPORTANT QUESTIONS	WATCH NOW
27/4/2025	8.00 AM	CA CS DARSHAN JAIN	SM	ONE SHOT MCQ MARATHON	WATCH NOW
4/5/2025	8.00 AM	CA ADARSH JOSHI	LAW	MOST IMPORTANT QUESTIONS	WATCH NOW
6/5/2025	3.00 PM	CA TUSHAR TAPARIA	TAXATION	20-20	WATCH NOW
12/5/2025	8.00 AM	CA CS DARSHAN JAIN	FM	20-20	WATCH NOW
13/5/2025	8.00 AM	CA CS DARSHAN JAIN	SM	SUPER CHART REVISION	WATCH NOW

STRATEGIC ANALYSIS

-

INTERNAL ENVIRONMENT


Strategic Analysis – Internal Environment
Understanding key Stakeholders
Mandelow’s Matrix
Strategic Drivers
Industry & Markets
Strategic Group Mapping
Customers
Product/Services
Product Differentiation
Marketing Strategies
Channels
Sales Channel
Product Channel
Service Channel
Core Competency
Meaning
Areas of identification of Core Competency
How to Identify Core Competency
Criteria For building Core Competency
Advantages of Core Competency
Swot Analysis
Competitive Advantage
Sustainability of Competitive advantage

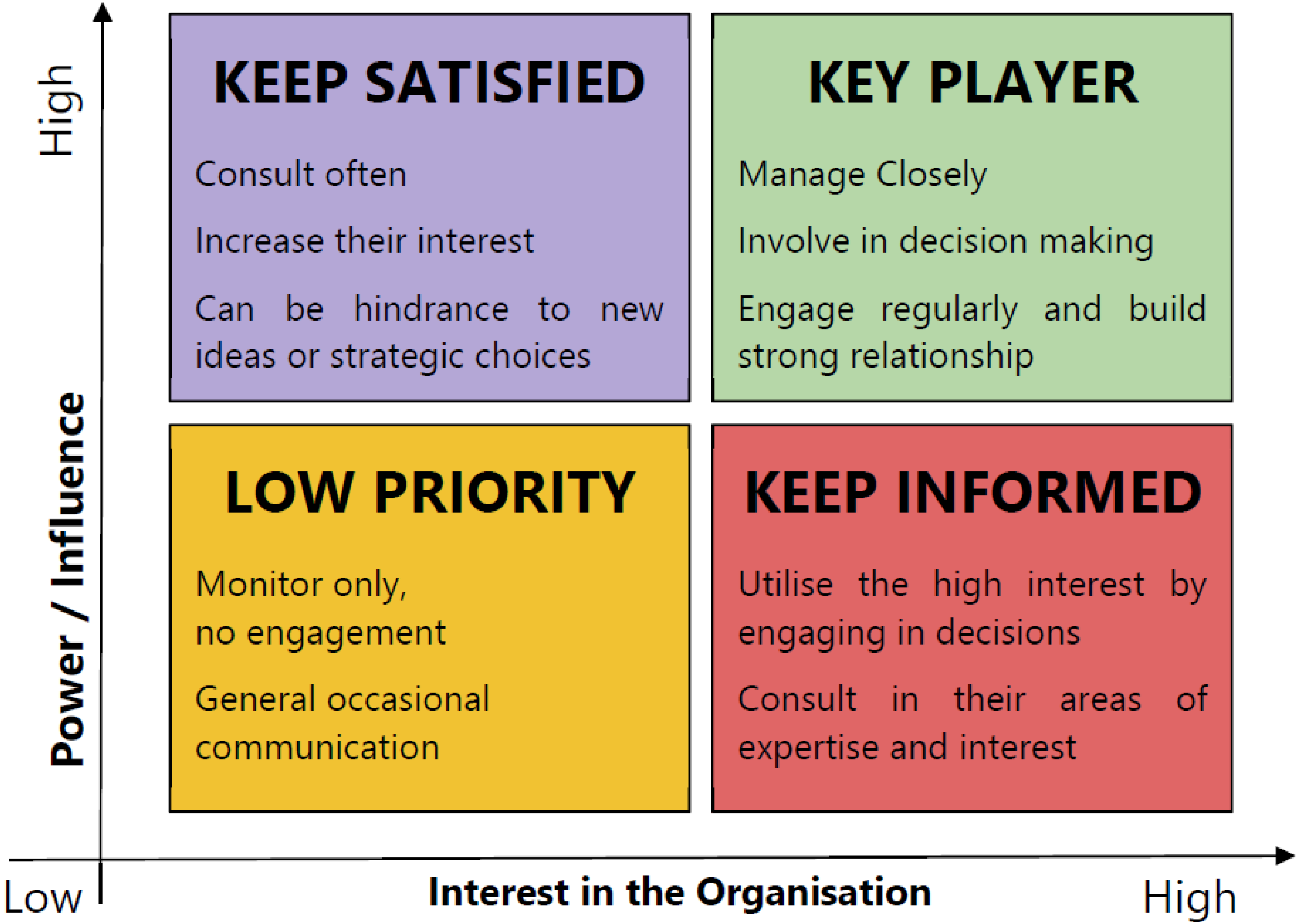

Strategic Analysis – Internal Environment
Micheal Porter's generic Strategies
Best Cost provider Strategy
Cost Leadership Strategy
Action Plan to Achieve Cost leadership Strategy
Advantages of Cost Leadership Strategy
Disadvantages of Cost leadership Strategy
Differentiation Strategy
Basis of Differentiation
Action Plan to Achieve Differentiation Strategy
Advantages of Differentiation Strategy
Disadvantages of Differentiation Strategy
Focused Strategy
Types of Focused Strategy
Focused Cost Leadership
Focused Differentiation
Action Plan to Achieve Focused Strategy
Advantages of Focused Strategy
Disadvantages of Focused Strategy

MANDELOW'S MATRIX

1. The Mendelow Stakeholder matrix also known as the **Stakeholder Analysis matrix** and the **Power-Interest matrix** is a simple framework to help manage **key stakeholders**. Managing a project is extremely complicated as it involves managing the competing interests of various stakeholders. Who needs to know what and when, who needs to give their feedback and who has the final approval can be confusing.

1. Mendelow suggests that one should analyse stakeholder groups based on
   - **Power** (the ability to influence organisation strategy or resources) and
   - **Interest** (how interested they are in the organisation succeeding).

4. A thing to remember is that all stakeholders may seem to have lots of power and organisation may hope they would have lots of interest too. But in reality, some stakeholders will hold more Power than others, and some stakeholders will have more Interest than others.
   For example, a big shareholder is likely to have high power and high interest in the organisation, whereas a big competitor would have high power to impact strategy, but potentially less Interest in success of rival organisation.


High
Power / Influence
KEEP SATISFIED
Consult often
Increase their interest
Can be hindrance to new ideas or strategic choices
KEY PLAYER
Manage Closely
Involve in decision making
Engage regularly and build strong relationship
LOW PRIORITY
Monitor only, no engagement
General occasional communication
KEEP INFORMED
Utilise the high interest by engaging in decisions
Consult in their areas of expertise and interest
Low
Interest in the Organisation
High

TYPES OF STAKEHOLDERS

Sr. No.	Types	Nature	Organisation should-	Example
1.	KEEP SATISFIED Stakeholders	High Power Less Interested	put in enough work with these people to keep them satisfied with their intended information on a regular basis.	Banks, Government, Customers etc.
2.	KEY PLAYERS Stakeholders	High Power Highly Interested	fully engage this group of stakeholders, making the greatest efforts to satisfy them, take their advice, build actions, and keep them informed with all information on a regular basis.	Shareholders, CEO, Board of Directors, Partners etc.
3.	LOW PRIORITY Stakeholders	Low Power Less Interested	only monitor them with no actions to satisfy their expectations. Strategically, minimal efforts should be spent on this group of stakeholders while keeping an eye to check if their levels of interest or power change.	Business Magazines, Media Houses, etc.
4.	KEEP INFORMED Stakeholders	Low Power Highly Interested	adequately inform this group of people and communicate with them to ensure that no major issues arise. This audiences can also help with real time feedbacks and areas of improvement for an organisation.	Employees, Vendors, Suppliers, Legal Experts etc.

MOVEMENT BETWEEN QUADRANTS

1. An important thing that strategists should be aware of, is the importance to remember that environment is highly dynamic and certain things might happen that can cause stakeholders to suddenly move between Quadrants.

2. **Example:** An Organisation might inadvertently contravene a regulation, say GST compliance which would cause the regulatory body i.e. Indirect Taxes Department to move from High Power, Low Interest to High Power, High Interest.

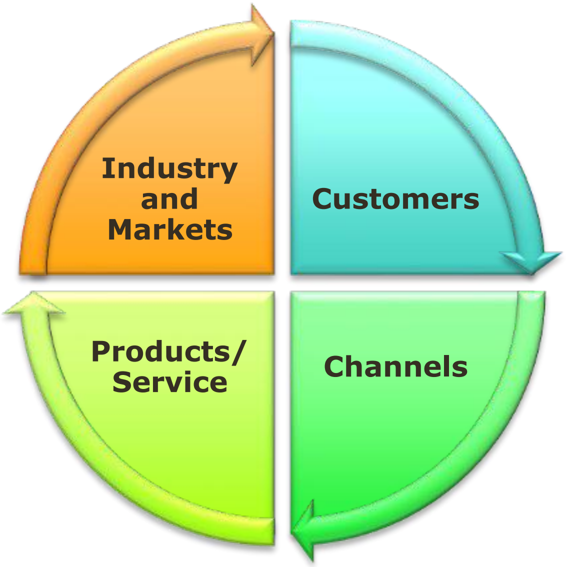
3. This would then require a different way of managing and communicating with this stakeholder. Equally, the media houses would also move from Low Power, Low interest, to Low Power, High Interest.

4. So, it's always worth re-analysing the Mendelow's grid for one's organisation in the event of a change in environment.

STRATEGIC DRIVERS

- Strategic drivers are **forces** that **shape an organization's strategy.**

- The key strategic drivers of an organisation include:
  - **Industry and Markets**
  - **Customers**
  - **Products/Services**
  - **Channels**



INDUSTRY & MARKETS

- In terms of the internal environment, it is very important for an organisation to understand it's relative position in the industry and in the market in which it operates.

- Industry and market analysis is extremely important to identify one's position as compared to the competitors, who can be of equal size and value, or bigger in size and value or even smaller and newer. A tool used for this is called - **Strategic Group Mapping**.

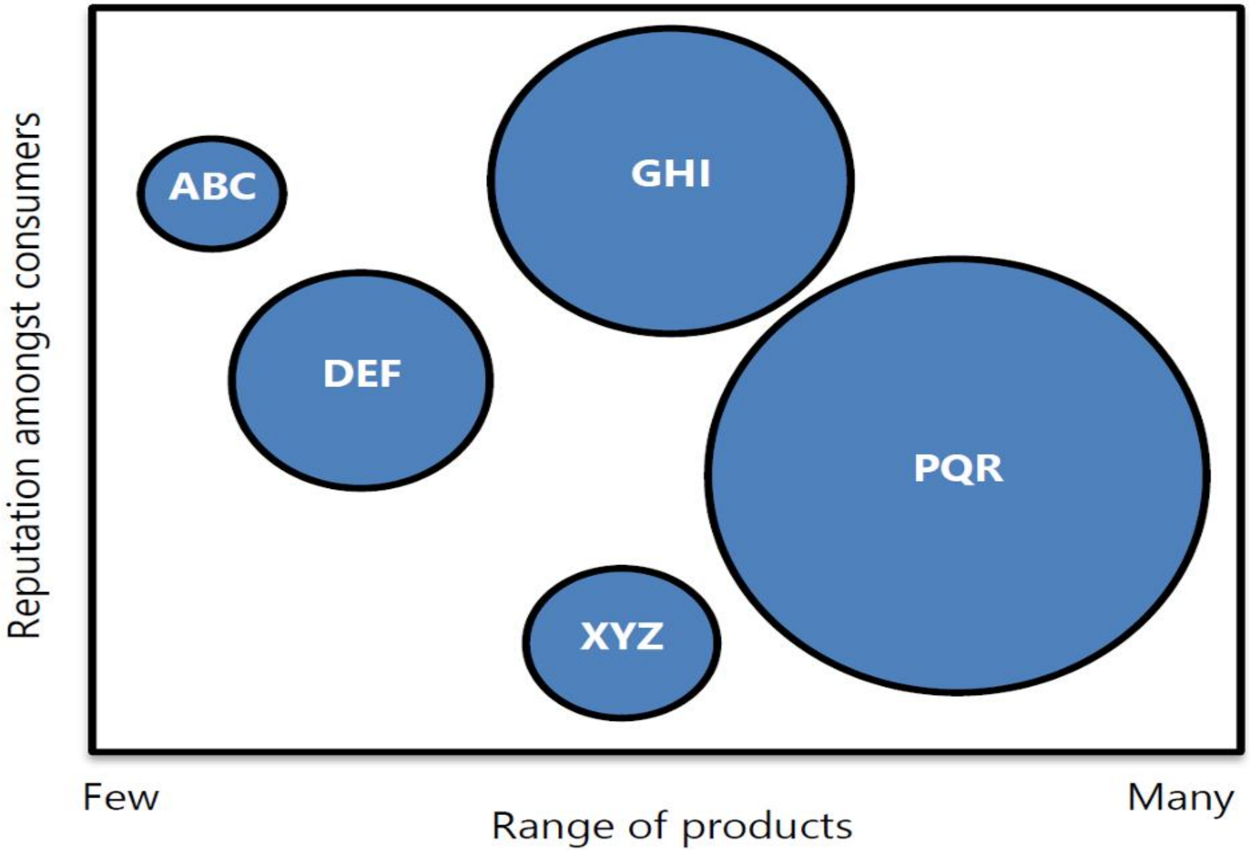
STRATEGIC GROUP MAPPING

Strategic Group Mapping is one of the analytical tools/ techniques, for evaluating the **market position of the Competitors/ Rivals in the industry**, by comparing the market positions of each Firm separately or grouping them into like positions.

PROCEDURE FOR STRATEGIC GROUP MAPPING

Step	Description
1	Identify the Competitive characteristics that differentiate Firms in the industry.
2	Plot the Firms on a two-variable map, using pairs of differentiating characteristics.
3	Classify Firms that follow the same strategy, into one Strategic Group.
4	Determine the position of each strategic group, by making it proportional to the size of the Group's respective share of total industry sales revenues.

STRATEGIC GROUP MAPPING - EXAMPLE



1. ABC, DEF, GHI, XYZ AND PQR are companies operating in the same industry. Let us assume these all are companies selling Laptops.

2. Y-Axis (Vertical) is the reputation of the company and on the X-Axis (Horizontal) is the range of their products.

3. Reputation is depicted through the size of the bubble of the company along with how high it is on the Y-Axis.

4. While on the X-Axis, we can see how huge their product range is, whether they have few models or they have many models on offer for the customers.

5. A simple glance of the mapping chart shows us that even though ABC has few models, but it has great reputation in the market.

6. Similarly, GHI has a good range of products and is the most reputed company in laptops.

7. Another view is that XYZ and GHI have the same number of models as both are on the same place on X-Axis, but GHI has much greater reputation than XYZ, as it has a bigger bubble and is higher on the Y-Axis.

8. Strategists can analyze the market by making any number of scenarios like above to understand the competition.

Thus, this analysis helps a business understand its competition in terms of two or more factor (like reputation and range of products in this case) in a single graphical representation.

CUSTOMERS

- Understanding the different types of customers to whom the organisation's products/services are sold or provided, is not only important but also the **first step** in deciding the **product/service**

A customer can be a consumer and vice versa. But for strategy teams especially marketing teams it is important to understand the customer and consumer separately.

	Customer	Consumer
Meaning	One who **buys** a product/service	One who finally **uses/consumes** the bought product/service
Example	1. A parent buying stationery products for their kids might be the customers. 2. Baby Diapers are bought by parents (customers) who are willing to pay higher price for higher quality.	1. Consumers are the kids who would actually use it. 2. Consumers are the babies, who are more concerned about the comfort and easiness. If babies do not accept the product i.e. if consumers aren't satisfied, it is difficult to retain the buyer i.e. customers as well.
Pricing Perspective	Customer is of more importance and from Perspective **value creation** and **design/usability.**	Consumer needs to be kept at **the centre** of decision making

PRODUCTS/SERVICES

- Products and services are closely linked and interrelated with the markets that the organisation wants to serve. In this component of the strategic drivers' analysis, business identifies the key products/ services that the organisation offers and how those products/services are performing.
- For a new product, pricing strategies for entering a market need to be designed and for that matter at least three objectives must be kept in mind:
  - **Have customer-centric approach while making a product.**
  - **Produce sufficient returns through a reasonable margin over cost.**
  - **Increasing market share.**

PRODUCT DIFFERENTIATION

- Products can also be differentiated on the basis of **size, shape, colour, packaging, brand names, after-sales service** and so on. Organizations seek to hammer into customers′ minds that their products are different from others. It does not matter whether the differentiation is real or imaginary. Quite often the differentiation is psychological rather than physical.

- It is enough if customers are persuaded to **believe that the marketer's product is different from others**. **For example**, Shampoos with different branding namely Head & Shoulders, Olay, Old Spice, Pantene are all produced by the same company P&G.

- Organizations formalize product differentiation through designating **'brand names'** to their respective products. These are generally reinforced with legal sanction and protection. Brands enable customers to identify the product and the organization behind it.

- The products and even **firms′ image** is built around **brands through advertising and other promotional strategies**. Customers tend to develop **strong brand loyalty** for a particular product over a period of time.

MARKETING STRATEGIES

Products and services need heavy investment in reaching out to customers. Over the years, a number of marketing strategies have been evolved, which are given to handle marketing strategically and fight the competition in the market.

The Various Marketing Strategies are as Follows

1. Social Marketing
2. Augmented Marketing
3. Direct Marketing
4. Relationship Marketing
5. Services Marketing
6. Person Marketing
7. Organization Marketing
8. Place Marketing
9. Enlightened Marketing
10. Differential Marketing
11. Synchro-marketing
12. Concentrated Marketing
13. Demarketing

Social Marketing

- It refers to the design, implementation, and control of programs seeking to increase the acceptability of a social ideas, cause, or practice among a target group to bring in a social change.
- For instance, the publicity campaign for prohibition of smoking in Delhi explained the place where one can and can't smoke and also indicates that smoking is injuriousto health.

Augmented Marketing

- This type of marketing includes additional customer services and benefits that a product can offer besides the core and actual product that is being offered. It can be in the form of introduction of hi-tech services like movies on demand, online computer repair services, secretarial services, etc. Such innovative offerings provide a set of benefits that promiseto elevate customer service to unprecedented levels.

Direct Marketing

- Marketing through various advertising media that interact directly with consumers, generally calling for the consumer to make a direct response.
- Direct marketing includes catalogue selling, e-mail, telecomputing, electronic marketing, shopping, and TV shopping.

Relationship Marketing

- The process of creating, maintaining, and enhancing strong, value-laden relationships with customers and other stakeholders.
- **For example**, *Airlines offer special lounges at major airports for frequent flyers. Thus, providing special benefits to select customers to strengthen bonds. It can go a long way in building relationships.*

Services Marketing

- It is applying the concepts, tools, and techniques, of marketing to services. Services is any activity or benefit that one party can offer to another that is essentially intangible. This marketing requires different marketing strategies since it has peculiar characteristics of its own such as inseparability, variability etc.

Person Marketing

- People can also be marketed. Person marketing consists of activities undertaken to create, maintain or change attitudes and behaviour towards particular person.
- **For example**, *politicians, sports stars, film stars, etc. i.e., market themselves to get votes, or to promote their careers.*

Organization Marketing

- It consists of activities undertaken to create, maintain, or change attitudes and behaviour of target audiences towards an organization. Both profit and non-profit organizations practice organization marketing.

Place Marketing

- Place marketing involves activities undertaken to create, maintain, or change attitudes and behaviour towards particular places say, marketing of business sites, tourism marketing.

Enlightened Marketing

- It is a marketing philosophy holding that a company's marketing should support the best long-run performance of the marketing system that is beyond the prevailing mindset; its five principles include customer-oriented marketing, innovative marketing, value marketing, sense-of-mission marketing, and societal marketing.

Differential Marketing

- It is a market-coverage strategy in which a firm decides to target several market segments and designs separate offer foreach.
- **For example**, *Hindustan Unilever Limited has Lifebuoy, Lux and Rexona in popular segment and Dove and Pears in premium segment.*

Synchro-marketing

- When the demand for a product is irregular due to season, some parts of the day, or on hour basis, causing idle capacity or overworked capacities, synchro-marketing can be used to find ways to alter the pattern of demand through flexible pricing, promotion, and other incentives.
- **For example**, *products such as movie tickets can be sold at lower price over weekdays to generate demand.*

Concentrated Marketing

- It is a market-coverage strategy in which a firm goes after a large share of one or few sub-markets. It can also take the formof Niche marketing.

Demarketing

- It includes marketing strategies to reduce demand temporarily or permanently. The aim is not to destroy demand, but only to reduce or shift it. This happens when there is overfull demand.

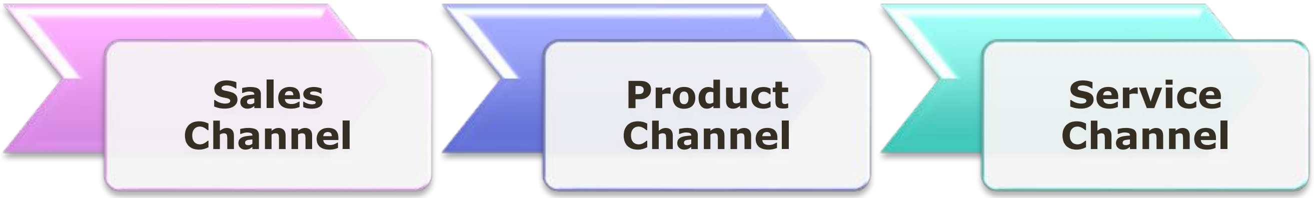
- **For example**, *buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here demarketing can be applied to regulate demand.*

CHANNELS

- Channels are the **distribution system** by which an organisation distributes its product or provides its service

- The wider and stronger the channel the better position a business has to fight and win over competition. Also, having robust channels of business distribution help keep new players away from entering the industry, thus acting as **barriers to entry.**

There are typically three channels that should be considered:



Sales channel

- These are the intermediaries involved in selling the product through each channel and ultimately to the end user.
- The key question is: Who needs to sell to whom for your product to be sold to your end user?
- **For example**, many fashion designers use agencies to sell their products to retail organisations, so that consumers can access them.

Product channel

- The product channel focuses on the series of intermediaries who physically handle the product on its path from its producer to the end user.
- This is true of Australia Post, who delivers and distributes many online purchases between the seller and purchaser when using eBay and other online stores.

Service channel

- The service channel refers to the entities that provide necessary services to support the product, as it moves through the sales channel and after purchase by the end user.
- The service channel is an important consideration for products that are complex in terms of installation or customer assistance.
- **For example**, a Bosch dishwasher may be sold in a Bosch showroom, and then once sold it is installed by a Bosch contracted plumber.

CHANNEL ANALYSIS

Channel analysis is important when the business strategy is to scale up and expand beyond the **current geographies and markets**. When a business plans to grow to newer markets, they need to develop or leverage existing channels to get to new customers. Thus, **analysis of channels that suit one's products and customers is of utmost importance**.

For Example - if a healthcare brand wants to reach out to elderly customers - they need to be more focused on offline mode of business where agents reach out physically to the elderly as most of their potential customers (i.e. the old aged) are not active on smartphones.

For Example - if a new drink brand wants to acquire customers - they need to place their products via every channel possible to get more attraction from customers like placing their drinks in stores, and shops alike, offering competitive campaigns to create awareness via online modes (social media) and so and so forth.

CORE COMPETENCY

- Core competencies are the knowledge, skills, and facilities necessary to design and produce core products.Core Competencies are created by superior integration of technological, physical and human resources. They represent distinctive skills as well as intangible, invisible, intellectual assets and cultural capabilities.
- Core competencies are often visible in the form of organizational functions.
- A core competency for a firm is whatever it does best

C.K. Prahalad and Gary Hamel identified major core competencies in three areas **- competitor differentiation, customer value and application.**

Competitor differentiation	Competence that is unique and difficult for competitors to imitate.
Customer value	A fundamental benefit for the end customer that has real impact.
Application of competencies	Competence must be applicable to whole organization and can open up potential market to be exploited.

HOW TO IDENTIFY CORE COMPETENCY

a) **Imitability Test:** Can it be imitated? Does it reduce the threat of imitation by Competitors?

b) **Value Enhancement Test:** Does it make a significant contribution to the perceived customer benefits of the end product?

c) **Leverage Test:** Does it provide potential access to a wide variety of markets?

CRITERIA FOR BUILDING CORE COMPETENCY

1. Valuable
2. Rare
3. Costly to imitate
4. Non-substitutable

ADVANTAGES OF CORE COMPETENCIES

1. It Provides **competitive advantage**

2. To ensure profits, the Firm should ensure to have a good **'fit'** between **Core Competencies, and the changing nature of the environment**.

3. Core Competencies are the basis on which the Firm stretches into **new opportunities**.

4. Core Competencies help in **maintaining progress**, even after the traditional markets are **saturated.**

5. **Core Competence-based diversification** reduces risk and investment, and increases the opportunities for **transferring learning and best practice across various Business Units**.

6. Core Competencies distinguish a **Company competitively** and **reflect its personality**.

SWOT ANALYSIS

- SWOT Analysis enables a Firm in the identification of strategic alternatives by analyzing its various internal strengths and weaknesses, external opportunities and threats.

SWOT ANALYSIS

COMPONENT OF SWOT ANALYSIS

Item	Description	Example
1. Strength	Strength is an inherent capacity which a Firm can use to gain strategic advantage over its competitors. [i.e. Potential Resource Strengths and Competitive Capabilities]	Superior R&D skills which can be used for new product development so that the Company gains competitive advantage, huge production infrastructure leading to mass production & economies of scale.
2. Weakness	Weakness is an inherent limitation or constraint which creates a strategic disadvantage. [i.e. Potential Resource Weaknesses and Competitive Deficiencies]	Over dependence on a single product line or single Customer or Supplier which is potentially risky for a Firm in times of crisis.
3. Opportunity	Opportunity is a favourable condition in the Firm's environment which enables it to consolidate and strengthen its position. [i.e. Potential Opportunities and favourable situations in the environment]	Increase in Consumer Income, and growing demand for the products or services that a Company provides.
4. Threat	Threat is an unfavourable condition in the Firm's environment which creates a risk for, or causes damage to, the Firm. [i.e. Potential unfavourable situations in the environment]	Emergence of strong new competitors who are likely to offer stiff competition to the existing Companies.

COMPETITIVE ADVANTAGE

- Competitive Advantage is position of a Firm to **maintain and sustain a favourable market position** when compared to its competitors. This position gets translated into **higher market share, higher profit**s when compared to those that are obtained by Competitors operating in the same industry.
- ‘**It is a set of unique features of a company and its products that are perceived by the target market as significant and superior to the competition.**
- It is achieved when the firm successfully formulates and implements the **value creation strategy** and other firms are unable to duplicate it or find it too costly to imitate. Further, it can be said that a firm is successful in achieving competitive advantage only after other firm’s efforts to duplicate or imitate it fails.

SUSTAINABILITY OF COMPETITIVE ADVANTAGE

1. Durability
2. Transferability
3. Imitability
4. Appropriability

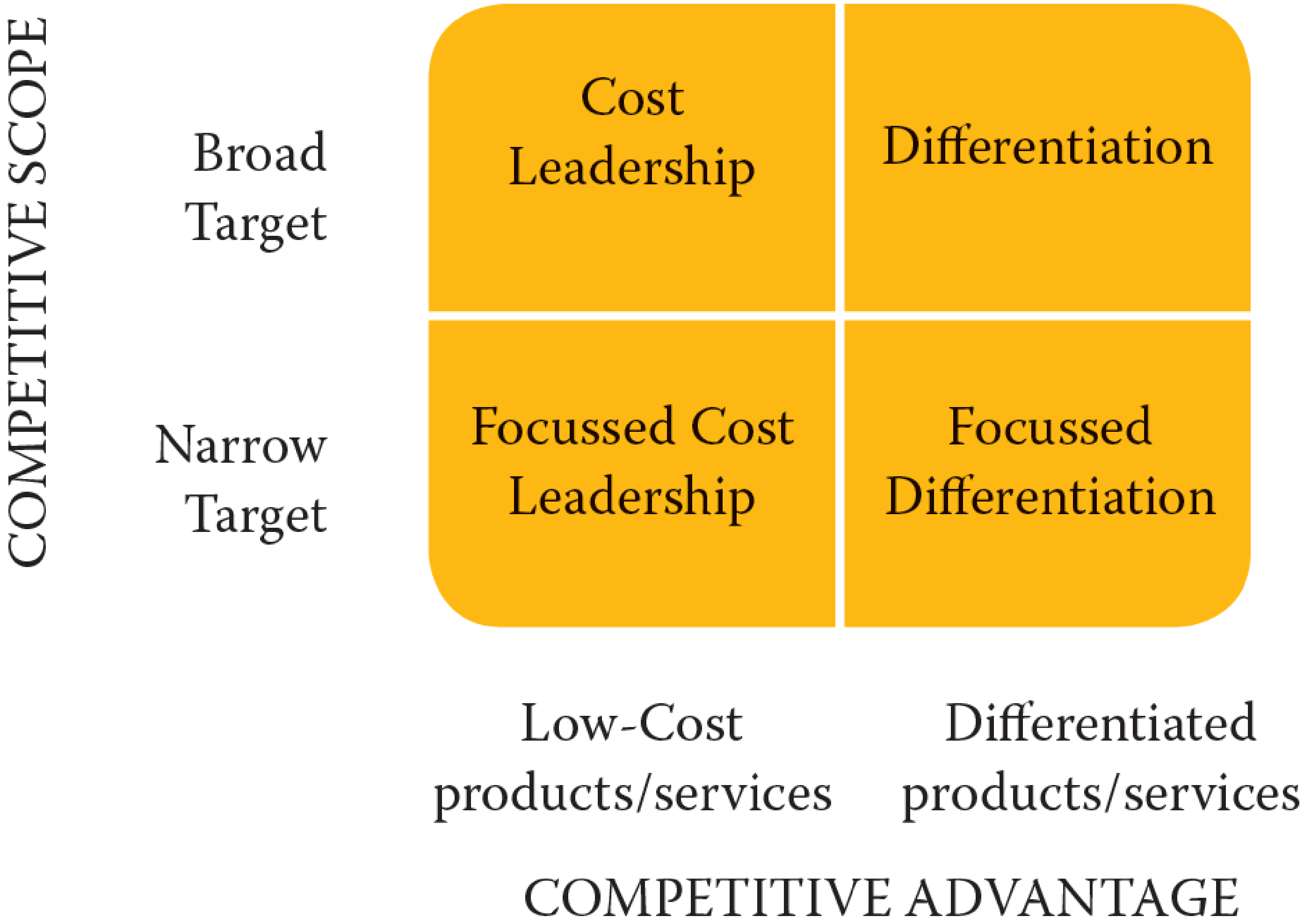
MICHEAL PORTER'S GENERIC STRATEGIES

Michael Porter's Generic Strategies

Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive.

Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.

Focus means producing products and services that fulfill the needs of small groups of consumers.


COMPETITIVE SCOPE
Broad Target
Narrow Target
Cost Leadership
Differentiation
Focussed Cost Leadership
Focussed Differentiation
Low-Cost products/services
Differentiated products/services
COMPETITIVE ADVANTAGE

COST LEADERSHIP STRATEGY

- Cost leadership Strategy requires vigorous pursuit of **cost reduction** in the areas of **procurement, production, storage and distribution of product or service** and also economies in **overhead costs.**

- Because of its lower costs, the cost leader is **able to charge a lower price** for its products than most of its competitors and still earn satisfactory profits.

- It is a **low-cost competitive strategy** that aims at **broad mass market**

- **For example,** Decathlon Group’s mega sports stores have been following low-cost leadership strategy to gain international recognition and also beat competition

- Striving to be a low-cost producer in an industry can especially be effective,
  - When the market is composed of many **price-sensitive buyers**
  - When there are **few ways** to achieve **product differentiation**
  - When buyers do not care much about **differences from brand to brand**
  - When there are a **large number of buyers** with **significant bargaining power**

- **Some risks of pursuing cost leadership are;**
  - That competitors may **imitate the strategy**, therefore driving overall industry profits down;
  - That **technological breakthroughs** in the industry may make the strategy ineffective; or that buyer interests may swing to other **differentiating features besides price.**

ACTION PLAN TO ACHIEVE COST LEADERSHIP STRATEGY

1. **Prompt forecasting** of **demand of a product or service**.

2. **Optimum utilization of the resources** to achieve cost advantages.

3. Achieving **economies of scale**; thus, lower per unit cost of product/service.

4. **Standardisation of products** for mass production to yield lower cost per unit.

   (Example of McDonald’s)

5. **Invest in cost saving technologie**s and using advance technology for smart efficient working.

6. **Resistance to differentiation** till it becomes essential.

ADVANTAGES OF COST LEADERSHIP STRATEGY

A cost leadership strategy may help to remain profitable even with rivalry, new entrants, suppliers' power, substitute products, and buyers' power.

1. **Rivalry** – Competitors are likely to avoid a price war, since the low-cost firm will continue to earn profits even after competitors compete away their profits.
2. **Buyers** – Powerful buyers/customers would not be able to exploit the cost leader firm and will continue to buy its product.
3. **Suppliers** – Cost leaders are able to absorb greater price increases from suppliers before they need to raise prices for customers.
4. **Entrants** – Low-cost leaders create barriers to market entry through their continuous focus on efficiency and cost reduction.
5. **Substitutes** – Low-cost leaders are more likely to lower the costs to induce existing customers to stay with their products, invest in developing substitutes, and even purchase patents.

DISADVANTAGES OF COST LEADERSHIP STRATEGY

1. Cost advantage **may not last long** as competitors may **imitate** cost reduction techniques.

2. Cost leadership can **succeed only** if the firm can achieve **higher sales volume.**

3. Cost leaders tend to keep their costs low by minimizing cost of advertising, market research, and research and development, **but this approach can prove to be expensive in the long run.**

4. **Technological advancement** areas a **great threat** to cost leaders.

DIFFERENTIATION STRATEGY

- This strategy is aimed at **broad mass market** and involves the creation of a product or service that is perceived by the customers as **unique**. The uniqueness can be associated with **product design, brand image, features, technology, dealer network or customer service**. Because of differentiation, the business can **charge a premium** for its product.
- **For example**, Domino’s Pizza has been offering home delivery within 30 minutes or the order is free, is a unique selling point that differentiates if from its rivals.
- **Product development** is an example of a strategy **that offers the advantages of differentiation**.
- Differentiation strategy should be pursued only after a careful study of **buyers’ needs and preferences** to determine the feasibility of incorporating one or more differentiating features into a unique product that features the **customers’ desired attributes**.

- **Some risks of pursuing Differentiation Strategy are**
  - The unique product **may not be valued high** enough by customers to justify the higher price. When this happens, a **cost leadership strategy will easily defeat a differentiation strategy**.
  - competitors may develop **ways to copy the differentiating features** quickly.

BASIS OF DIFFERENTIATION

1. **Product**

   - Innovative products that meet customer needs can be an area where a company has an advantage over competitors.
   - However, the pursuit of a new product offering can be costly – research and development, as well as production and marketing costs can all add to the cost of production and distribution. The payoff, however, can be great as customer's flock to be among the first to have the new product.
   - **For example,** Apple iPhone, has invested huge amounts of money in R&D, and the customers' value that. They want to be among the first ones to try the new offerings from the company.

2. **Pricing**

   - It fluctuates based on its supply and demand and may also be influenced by the customer's ideal value for a product.
   - Companies that differentiate based on product price can either determine to offer the lowest price or can attempt to establish superiority through higher prices.
   - **For example,** Apple iPhone dominates the smart phone segment by charging higher prices for its products.

3. Organisation

- Organisational differentiation is yet another form of differentiation.
- Maximizing the power of a brand or using the specific advantages that an organization possesses can be instrumental to acompany’s success.
- Location advantage, name recognition and customer loyalty can all provide additional ways for a company differentiate itself from the competition.
- **For example,** Apple has been building customer loyalty since years and has a fanbase of consumers that are called “Apple Fanboys/Fangirls”.

ACTION PLAN TO ACHIEVE DIFFERENTIATION STRATEGY

1. **Offer utility** to the customers and **match products** with their **tastes and preferences.**

2. **Elevate/Improve performance** of the product.

3. Offer the **high-quality product/service** for buyer satisfaction.

4. **Rapid product innovation** to keep up with dynamic environment.

5. Taking steps for **enhancing brand image and brand value.**

6. **Fixing product prices** based on the **unique features of product** and **buying capacity** of the customer.

ADVANTAGES OF DIFFERENTIATION STRATEGY

A differentiation strategy may help an organisation to remain profitable even with rivalry, new entrants, suppliers' power, substitute products, and buyers' power.

1. **Rivalry** - Brand loyalty acts as a safeguard against competitors. It means that customers will be less sensitive to price increases, as long as the firm can satisfy the needs of its customers.
2. **Buyers** – They do not negotiate for price as they get special features and they have fewer options in the market.
3. **Suppliers** – Because differentiators charge a premium price, they can afford to absorb higher costs of supplies as the customers are willing to pay extra too.
4. **Entrants** – Innovative features are an expensive offer. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.
5. **Substitutes** – Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.

DISADVANTAGES OF DIFFERENTIATION STRATEGY

1. In the long term, **uniqueness is difficult to sustain**.

2. **Charging too high a price** for differentiated features may cause the customer to switch-off to another alternative. As we see a shift of iPhone users to other android flagship smart phones.

3. Differentiation fails to work if its basis is something **that is not valued by the customers**. Home delivery of packed snacks in 30 minutes would not even be a differentiator as the consumer wouldn’t value such an offer.

FOCUSED STRATEGY

- A successful focus strategy **depends on an industry segment** that is of **sufficient size**, has **good growth potential**, and is **not crucial** to the success of other major competitors.
- **Focus strategies are most effective when consumers have distinctive preferences or requirements, and when the rival firms are not attempting to specialize in the same target segment.**
- **Risks of pursuing a focus strategy are**
  - The possibility of numerous competitors **recognizing** the successful focus strategy and **imitating it**.
  - The consumer preferences **may drift towards the product attributes** desired by the market as a whole.
  - An organization using a focus strategy serve a **narrow market** than competitors who serve a **broader market.**

- **Focused cost leadership:** A focused cost leadership strategy requires **competing based on price to target a narrow market**. A firm that follows this strategy does not necessarily charge the lowest prices in the industry. Instead, **it charges low prices relative to other firms that compete within the target market**. Firms that compete based on price and target a narrow market follow a focused cost leadership strategy.
- **Focused differentiation:** A focused differentiation strategy requires offering **unique features that fulfil the demands of a narrow market**. Similar to focused low- cost strategy, narrow markets are defined in different ways in different settings. Some firms using a focused differentiation strategy concentrate their efforts on a particular sales channel, such as selling over the internet only. Others target particular demographic groups. Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy. **For example,** Rolls-Royce sells limited number of high-end, custom-built cars.

ACTION PLAN TO ACHIEVE FOCUSED STRATEGY

1. **Selecting specific niches** which are not covered by cost leaders and differentiators.

2. **Creating superior skills** for catering such niche markets.

3. Generating **high efficiencies** for serving such niche markets.

4. Developing **innovative ways** in **managing the value chain**.

ADVANTAGES OF FOCUSED STRATEGY

1. **Premium prices can be charged** by the organisations for their focused product/services.
2. Due to the **tremendous expertise** in the goods and services that the organisations following focus strategy offer, **rivals and new entrants may find it difficult to compete.**

DISADVANTAGES OF FOCUSED STRATEGY

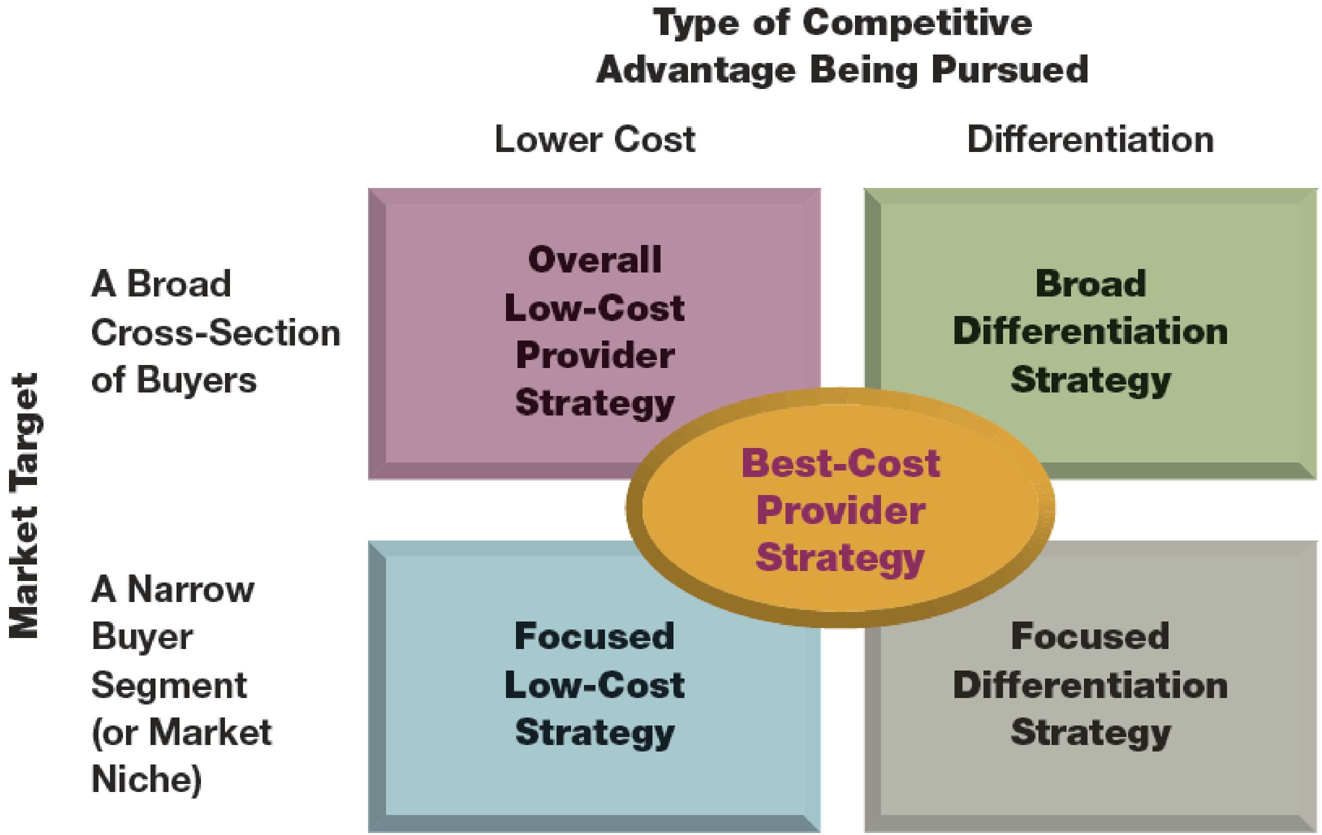
1. The firms **lacking in distinctive competencies** may not be able to pursue focus strategy.
2. Due to the **limited demand of product/services, costs are high**, which can cause problems.
3. In the long run, **the niche could disappear** or **be taken over by larger competitors** by acquiring the same **distinctive competencies.**

BEST- COST PROVIDER STRATEGY

- Best-cost provider strategy involves providing **customers more value for the money by emphasizing on lower cost and better-quality differences**. It can be done through:
  - offering products at **lower price** than what is being offered by rivals for **products with comparable quality and features**

    Or

  - **Charging similar price** as by the rivals for products **with much higher quality and better features**.
- **For example,** android flagship phones from OnePlus, Xiaomi, Oppo, Vivo, etc, are all rooting for giving better quality at lowest prices to the customers. They are following the best-cost provider strategy to penetrate market.


Type of Competitive
Advantage Being Pursued
Lower Cost
Differentiation
Market Target
A Broad
Cross-Section
of Buyers
A Narrow
Buyer
Segment
(or Market
Niche)
Overall
Low-Cost
Provider
Strategy
Broad
Differentiation
Strategy
Best-Cost
Provider
Strategy
Focused
Low-Cost
Strategy
Focused
Differentiation
Strategy

thank you!