



Chapter 8

Competitive Marketing Strategies

Overview of Competitive Strategies

- These strategies are designed to create a competitive advantage.
- Even when a company develops a strategy, it still faces major challenges due to an uncertain operating environment and intense competition.
- Continuous improvements in management and operations are necessary to meet customer needs and maximize competitive capability.





Analyzing Competitors

- Analyze the characteristics of competitors.
- Classify competitors.
- Evaluate competitors.
- Select which competitors to attack or avoid.

Tactics for Creating Competitive Advantage



- Tactics refer to specific operational plans detailing how, when, and where a strategy will be implemented.
- In competitive marketing, there are two types of tactics:
 1. Timing Tactics
 2. Market Location Tactics

Defensive vs. Offensive Tactics

- Defensive Tactics (Defensive Strategy):
 1. Used to protect the company's current market position.
 2. Prevent competitors from launching attacks and reduce overall risk.
 3. Strengthen the company's competitive position
- Offensive Tactics (Offensive Strategy):
 1. Used to attack the market position of competitors who have a stable market share.



Types of Market Competitive Roles

- Market Leader
- Market Challenger
- Market Follower
- Market Nichers (small-market competitors)





Competitive Strategy of a Market Leader

- Recognized as the market leader with the highest market share in the industry.
- Strives to expand the market.
- Works continuously to maintain and defend its market share.

Market Expansion Approaches



- **Finding New Users**: Attracting customers who haven't previously purchased the product.
- **Finding New Uses**: Encouraging existing customers to use the product in new ways or more frequently.
- **For example**:
 1. Group 1: Occasional users
 2. Group 2: Non-users
 3. Group 3: Customers in areas where purchasing is inconvenient

Overview of Market Share Defense Strategies



- A market leader can defend its position using several tactics:
 1. Position Defense
 2. Flanking Defense
 3. Counteroffensive Defense
 4. Mobile Defense
 5. Contraction Defense
 6. Preemptive Defense

Position Defense

- Defensive tactic using fixed positioning to protect current market share.
- Employs comprehensive marketing communications by combining:
 1. Above the line: Mass media (TV, magazines, radio)
 2. Below the line: Direct marketing, online campaigns, customer service, and CSR initiatives
- The goal is to make the product appear superior in every aspect.



Flanking Defense



- Focuses on securing or strengthening the company's weak points to prevent competitors from exploiting them.
- Involves repositioning by improving quality, launching new product lines, or introducing new brands to the market.







Preemptive Defense (Proactive)

- A strategy where a company occupies key positions before competitors can attack.
- Example: Samsung launching larger screens ahead of Apple to preempt competitive moves.



Counteroffensive Defense

- Employed when competitors launch attacks.
- Involves immediate measures such as:
 1. Price cuts
 2. Instant advertising
 3. Product improvements
 4. Expanding sales channels aggressively



Mobile Defense

- A dynamic defense strategy that involves continuously shifting or adjusting tactics to counter competitor attacks.





Contraction Defense

- Involves discontinuing or withdrawing problematic products from the market and then finding ways to resolve the issues.





Choosing Competitors to Challenge

- Companies positioned below the market leader select competitors to challenge by:
 1. Choosing those that are market leaders or of similar size
 2. Targeting competitors in the same industry or region that are relatively smaller

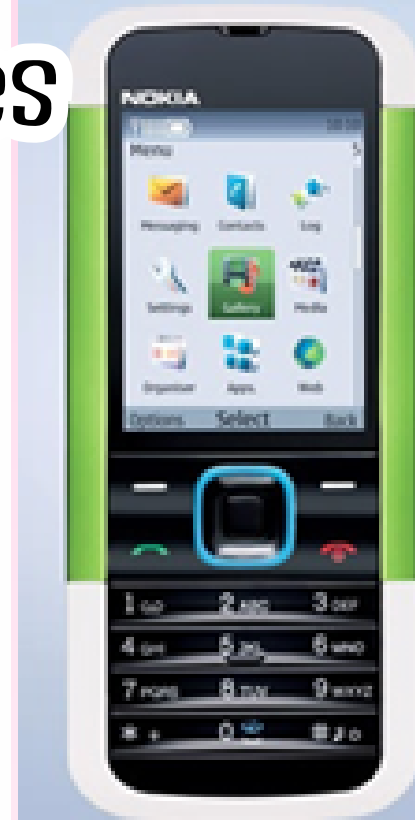
Challenger Strategies – General Attacks



- Market challengers can adopt several offensive tactics:
 1. Frontal Attack
 2. Flank Attack
 3. Encirclement Attack
 4. Bypass (Leapfrog) Attack
 5. Guerrilla Attack

Frontal Attack

- Involves a direct attack in a market where:
 1. The market is relatively homogeneous
 2. Brand value and customer loyalty are low
 3. Targeted competitors have limited resources
 4. The attacker possesses abundant competitive resources and strength



Flank Attack

- Targets market segments that competitors have overlooked.
- Aims to exploit gaps where competitors are not focusing their efforts.
- Note: This tactic may divert resources from defending core market areas and is best suited for non-key segments.





Encirclement Attack

- An unexpected approach where the challenger surrounds competitors by targeting segments that are not the focus of current offerings.
- Example: Acer introducing a netbook that can detach into a tablet—a product format rarely seen among competitors.





Leapfrog (Bypass) Attack

- Avoids direct confrontation by:
 1. Launching new products that are unrelated to the current business, thereby generating new revenue streams
 2. Entering new geographic markets
 3. Utilizing new technology that differentiates from competitors



Guerrilla Attack

- Suitable for small businesses with limited resources.
- Involves identifying weak spots in large companies and leveraging brand loyalty.
- Often employs online and social media channels to launch unconventional attacks.



Strategies for Market Followers

- Market followers typically choose not to directly confront the market leader.
- Instead, they imitate the innovations of leaders to achieve comparable profitability.



Approaches for Market Followers (Part 1)



- **Counterfeiter**: Copies the leader's products and packaging, selling counterfeit versions.
- **Cloner**: Produces similar products with only minor differences in brand name and packaging.

Approaches for Market Followers (Part 2)



- **Imitator**: Copies certain aspects of the leader while maintaining some differentiation (e.g., in advertising or pricing).
- **Adapter**: Modifies or improves upon the leader's product, sometimes targeting different markets. Over time, adapters can grow to become challengers.



● Follower Marketing ● Competition Strategy



Niche Strategies for Followers



- Some companies succeed by creating their own unique niche—a small market segment they can serve very well.
- By understanding target customers deeply and meeting their precise needs, they can charge premium prices despite not competing head-to-head with larger firms (e.g., premium clean-food brands for health-conscious consumers).

Competitive Strategies for Niche Competitors

- Niche businesses should focus on their specialized expertise to build core strengths.
- They can position themselves as specialized market leaders within their niche.



Areas of Specialized Expertise (Examples)



- Niche competitors may specialize in one or more of the following areas:
 1. Serving end consumers (final service)
 2. Production and distribution for specific segments
 3. Specializing in particular customer groups
 4. Focusing on individual customers
 5. Geographic specialization
 6. Specialization in a specific product or product line
 7. Specialization in a unique product format
 8. Specialization in a particular type of work
 9. Offering high-quality products at premium prices
 10. Providing specialized services
 11. Channel specialization



Thank You