BUSINESS POLICY & STRATEGIC MANAGEMENT-II

UNIT–IV: TAILORING STRATEGY TO FIT INDUSTRY AND COMPANY SITUATIONS

1. Tailoring Strategy to Fit Specific Industry and Company Situations

➢ Key Idea:

"One size does not fit all." Strategies must be **customized** to the unique conditions of an industry and the firm's internal strengths/weaknesses.

➢ Factors to Consider:

- Industry lifecycle stage (emerging, maturing, declining)
- Market dynamics (stability vs turbulence)
- Company's position (leader, challenger, weak firm)
- Technological change
- Customer needs and expectations

2. Strategies for Competing in Emerging Industries

➢ Characteristics of Emerging Industries:

- New technology/products
- Uncertain demand
- Lack of standards
- High capital needs
- Few competitors

➢ Strategic Approaches:

- Build **brand recognition** early (first-mover advantage)

- Invest in **R&D and innovation**
- Educate the market (customer awareness)
- Build alliances or partnerships
- Develop flexible organizational structure

➤ Example:

Electric vehicles (EVs) – Tesla became a first-mover by investing in EVs, batteries, and charging networks.

3. Strategies for Competing in Turbulent, High-Velocity Markets

➤ Characteristics:

- Rapid, unpredictable change
- Short product life cycles
- Constant innovation
- Market disruption

➤ Strategic Approaches:

- Emphasize **agility and innovation**
- Invest in **data analytics and customer feedback**
- Use **real-time decision-making**
- Adopt a **modular structure** (teams that can respond quickly)

➤ Example:

Tech startups in fintech, AI, or digital media must pivot quickly to new trends.

4. Strategies for Competing in Maturing Industries

➤ Characteristics:

- Slower growth
- More competition
- Customer loyalty matters
- Focus on efficiency and differentiation

➤ Strategic Approaches:

- Improve **operational efficiency**
- Focus on **customer retention**

- **Product differentiation** (value-added services)
- Strategic alliances or consolidation (M&A)

➢ Example:

Smartphone market – Apple differentiates with its ecosystem and brand loyalty in a mature market.

5. Strategies for Competing in Fragmented Industries

➢ Characteristics:

- Many small firms
- No dominant player
- Low entry barriers
- Economies of scale are hard to achieve

➢ Strategic Approaches:

- **Standardize offerings** to build brand
- Focus on **niche markets**
- Achieve **cost advantages** through technology
- **Franchising** or **consolidation**

➢ Example:

Restaurant industry – McDonald’s used franchising to dominate a fragmented space.

6. Strategies for Firms in Stagnant or Declining Industries

➢ Characteristics:

- Shrinking demand
- Overcapacity
- Price wars
- Exit of weak players

➢ Strategic Approaches:

- Focus on **profitable segments**
- **Product diversification** or pivoting to new markets
- Improve **cost efficiency**
- Consider **mergers or exits**

➢ Example:

Print newspapers are declining; firms like The New York Times shifted to digital subscriptions and multimedia content.

7. Strategies for Sustaining Rapid Company Growth

➢ Challenges of Rapid Growth:

- Managing scale
- Maintaining quality
- Organizational stress
- Financial strain

➢ Strategic Approaches:

- **Scalable systems and automation**
- Hire and train fast
- Strengthen **supply chain**
- Maintain culture and customer experience
- Use **venture capital** or external funding

➢ Example:

Byju's (EdTech) expanded rapidly using tech, funding, and scalable content, although mismanagement later posed challenges.

8. Strategies for Industry Leaders

➢ Characteristics of Leaders:

- Largest market share
- Brand recognition
- Economies of scale

➢ Strategic Approaches:

- **Innovation leadership**
- Shape industry standards
- Defend against new entrants
- Expand into new markets
- Improve cost competitiveness

➢ Example:

Amazon sets pricing trends, customer expectations, and logistics benchmarks in e-commerce.

9. Strategies for Runner-Up Firms

➤ Definition:

Runner-up firms are challengers or second-tier competitors.

➤ Strategic Approaches:

- **Direct attack** on leader's weak points (pricing, customer service)
- **Differentiation strategy** (e.g., sustainability, local focus)
- Find **underserved market segments**
- Invest in marketing and R&D

➤ Example:

Samsung competes with Apple by offering feature-rich phones at different price points.

10. Strategies for Weak and Crisis-Ridden Businesses

➤ Characteristics:

- Poor financial performance
- Loss of market share
- Internal inefficiencies

➤ Turnaround Strategies:

1. **Cost-cutting** (downsizing, removing inefficiencies)
2. **Asset retrenchment** (sell non-core assets)
3. **Focus on core competencies**
4. **Management overhaul**
5. **Debt restructuring or equity infusion**

➤ Example:

Nokia attempted a turnaround by partnering with Microsoft and later shifting to telecom infrastructure.

Summary Table: Strategies Tailored to Specific Conditions

Situation / Industry Type	Strategic Focus
Emerging Industry	First-mover, build capabilities
Turbulent Market	Agility, innovation, speed
Maturing Industry	Efficiency, loyalty, differentiation
Fragmented Industry	Branding, niche markets, franchising
Declining Industry	Cost focus, exit strategies, pivot
Rapid Growth	Scaling, system-building, culture management
Industry Leaders	Innovation, market expansion
Runner-Up Firms	Differentiation, aggressive marketing
Weak Businesses	Turnaround strategies, cost control

Final Takeaways:

- No **universal strategy** exists—**context is everything**.
- Internal capabilities and **external market conditions** should jointly guide strategy.
- **Continuous adaptation** is essential for long-term survival.
- Even in decline, opportunities exist for **profitability** or transformation.