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This reading challenges the idea that the goal of strategy is to beat the competition. Responses to competitors' moves may be appropriate, argues the author, but they are reactive. They come second, after real strategy—which means avoiding competition whenever possible and focusing instead on creating value for customers. Using a series of case examples, ranging from automobile to piano manufacturing, the author demonstrates what that commitment entails: asking fundamental questions about how customers use your product and, if necessary, rethinking what your product is, what it does, and how you can design, build, and market it. Getting back to strategy, in other words, means rediscovering the primary importance of paying painstaking attention to customers' needs.

“Competitiveness” is the word most commonly uttered these days in economic policy circles in Washington and most European capitals. The restoration of competitive vitality is a widely shared political slogan. Across the Atlantic, the unification of the Common Market focuses attention on European industries' ability to compete against global rivals. On both continents, senior managers, who started to wrestle with these issues long before politicians got hold of them, search actively for successful models to follow, for examples of how best to play the new competitive game. With few exceptions, the models they have found and the examples they are studying are Japanese.

To many Western managers, the Japanese competitive achievement provides hard evidence that a successful strategy's hallmark is the creation of sustainable competitive advantage by beating the competition. If it takes world-class manufacturing to win, runs the lesson, you have to beat competitors with your factories. If it takes rapid product development, you have to beat them with your labs. If it takes mastery of distribution channels, you have to beat them with your logistics systems. No matter what it takes, the goal of strategy is to beat the competition.

After a painful decade of losing ground to the Japanese, managers in the United States and Europe have learned this lesson very well indeed. As a guide to action, it is clear and compelling. As a metric of performance, it is unambiguous. It is also wrong.

Of course, winning the manufacturing or product development or logistics battle is no bad thing. But it is not really what strategy is—or should be—about. Because when the focus of attention is on ways to beat the

competition, it is inevitable that strategy will be defined primarily in terms of the competition. For instance, if the competition has recently brought out an electronic kitchen gadget that slices, dices, and brews coffee, you had better get one just like it into your product line—and get it there soon. If the competition has cut production costs, you had better get out your scalpel. If they have just started to run national ads, you had better call your agency at once. When you go toe-to-toe with competitors, you cannot let them build up any kind of advantage. You must match their every move. Or so the argument goes.

Of course, it is important to take the competition into account, but in making strategy that should not come first. It cannot come first. First comes painstaking attention to the needs of customers. First comes close analysis of a company's real degrees of freedom in responding to those needs. First comes the willingness to rethink, fundamentally, what products are and what they do, as well as how best to organize the business system that designs, builds, and markets them. Competitive realities are what you test possible strategies against; you define them in terms of customers. Tit-for-tat responses to what competitors do may be appropriate, but they are largely reactive. They come second, after your real strategy. Before you test yourself against the competition, your strategy takes shape in the determination to create value for customers.

It also takes shape in the determination to *avoid* competition whenever and wherever possible. As the great Sun Tzu observed 500 years before Christ, the smartest strategy in war is the one that allows you to achieve your objectives without having to fight. In just three years, for example, Nintendo's "family computer" sold 12 million units in Japan alone, during which time it had virtually no competition at all. In fact, it created a vast network of companies working to help it succeed. Ricoh supplied the critical Zylog chips; software houses produced special games to play on it, like Dragon Quest I, II, and III. Everyone was making too much money to think of creating competition.

The visible clashing between companies in the marketplace—what managers frequently think of as strategy—is but a small fragment of the strategic whole. Like an iceberg, most of strategy is submerged, hidden out of sight. The visible part can foam and froth with head-to-head competition. But most of it is intentionally invisible—beneath the surface where value is created, where competition is avoided. Sometimes, of course, the foam and froth of direct competition cannot be avoided. The product is right, the company's direction is right, the perception of value is right, and managers have to buckle down and fight it out with competitors. But in my experience, managers too often and too willingly launch themselves into old-fashioned competitive battles. It's familiar ground. They know what to do, how to fight. They have a much harder time seeing when an effective customer-oriented strategy could avoid the battle altogether.

— THE BIG SQUEEZE

During the late 1960s and early 1970s, most Japanese companies focused their attention on reducing costs through programs like quality circles, value engineering, and zero defects. As these companies went global, however, they began to concentrate instead on differentiating themselves from their competitors. This heavy investment in competitive differentiation has now gone too far; it has already passed the point of diminishing returns—too many models, too many gadgets, too many bells and whistles.

Today, as a result, devising effective customer-oriented strategies has a special urgency for these companies. A number of the largest and most successful face a common problem—the danger of being trapped between low-cost producers in the newly industrialized economies (NIEs) and high-end producers in Europe. While this threat concerns managers in all the major industrial economies, in Japan, where the danger is most immediate and pressing, it has quickly led companies to rethink their familiar strategic goals. As a consequence, they are rediscovering the primary importance of focusing on customers—in other words, the importance of getting back to what strategy is really about.

In Japan today, the handwriting is on the wall for many industries: the strategic positioning that has served them so well in the past is no longer tenable. On one side, there are German companies making top-of-the-line products like Mercedes or BMW in automobiles, commanding such high prices that even elevated cost levels do not greatly hurt profitability. On the other side are low-price, high-volume producers like Korea's Hyundai, Samsung, and Lucky Goldstar. These companies can make products for less than half what it costs the Japanese. The Japanese are being caught in the middle: they are able neither to command the immense margins of the Germans nor to undercut the rock-bottom wages of the Koreans. The result is a painful squeeze.

If you are the leader of a Japanese company, what can you do? I see three possibilities. First, because Korean productivity is still quite low, you can challenge them directly on costs. Yes, their wages are often as little as one-seventh to one-tenth of yours. But if you aggressively take labor content out of your products, you can close or even reverse the cost gap. In practice, this means pushing hard—and at considerable expense—toward full automation, unmanned operations, and totally flexible manufacturing systems.

Examples prove that it can be done. NSK (Nikon Seiko), which makes bearings, has virtually removed its work force through an extensive use of computer-integrated manufacturing linked directly with the marketplace. Mazak Machinery has taken almost all the labor content out of key components in its products. Fujitsu Fanuc has so streamlined itself that it has publicly announced that it can break even with as little as 20% capacity utilization and can compete successfully with a currency as strong as 70 yen to the dollar.

This productivity-through-automation route is one way to go. In fact,

for commodity products such as bearings it may be the only way. Once you start down this path, however, you have to follow it right to the end. No turning back. No stopping. Because Korean wages are so low that nothing less than a total commitment to eliminating labor content will suffice. And China, with wage rates just one-fifth of those in the newly industrialized economies, is not far behind Korea and Taiwan in such light industries as textiles, footwear, and watchbands. Although the currencies of the newly industrialized economies are now moving up relative to the dollar, the difference in wage rates is still great enough to require the fiercest kind of across-the-board determination to get rid of labor content.

A second way out of the squeeze is to move upmarket where the Germans are. In theory this might be appealing; in practice it has proven very hard for the Japanese to do. Their corporate cultures simply do not permit it. Just look, for example, at what happened with precision electronic products like compact disc players. As soon as the CD reached the market, customers went crazy with demand. Everybody wanted one. It was a perfect opportunity to move upscale with a "Mercedes" CD player. What did the Japanese do? Corporate culture and instinct took over, and they cut prices down to about one-fifth of what U.S. and European companies were going to ask for their CD players. Philips, of course, was trying to keep prices and margins up, but the Japanese were trying to drive them down. The Western companies wanted to make money; the Japanese instinct was to build share at any cost.

This is foolishness—or worse. Of course, it is perfectly clear why the Japanese respond this way. They are continuing to practice the approach that served them well in the past when they were playing the low-cost market entry game that the Koreans are playing now. It's the game they know how to play. But now there's a new game, and the Japanese companies have new positions. The actions that made sense for a low-cost player are way off course for a company trying to play at the high end of the market.

There is another reason for this kind of self-defeating behavior. Sony is really more worried about Matsushita than about Philips, and Matsushita is more worried about Sanyo. This furious internal competition fuels the Japanese impulse to slash prices whenever possible. That's also why it's so difficult for Japanese companies to follow the German route. To do so, they have to buck their own history. It means going their own way, and guarding against the instinct to backpedal, to do what their domestic competitors are doing.

Hard as it is, a number of companies are going their own way quite successfully. Some, like Seiko in its dogfight with Casio and Hong Kong-based watchmakers, had been badly burned in the low-price game and are now moving to restore profits at the high end of the market. Others, like Honda, Toyota, and Nissan in the automobile industry, are launching more expensive car lines and creating second dealer channels in the United States through which to compete directly for the upscale "German" segment. Still others, like Nakamichi in tape recorders, have always tried to operate at the high end and have never given in on price. Such companies are, however, very rare. Instinct

runs deep. Japanese producers tend to compete on price even when they do not have to.

For most companies, following the Korean or German approach is neither an appealing nor a sustainable option. This is true not only in Japan but also in all the advanced industrial economies, if for different reasons. What sets Japanese companies apart is the consideration that they may have less room to maneuver than others, given their historical experience and present situation. For all these companies, there is a pressing need for a middle strategic course, a way to flourish without being forced to go head-to-head with competitors in either a low-cost or an upmarket game. Such a course exists—indeed, it leads managers back to the heart of what strategy is about: creating value for customers.

— FIVE-FINGER EXERCISE

Imagine for a moment that you are head of Yamaha, a company that makes pianos. What are your strategic choices? After strenuous and persistent efforts to become the leading producer of high-quality pianos, you have succeeded in capturing 40% of the global piano market. Unfortunately, just when you finally become the market leader, overall demand for pianos starts to decline by 10% every year. As head of Yamaha, what do you do?

A piano is a piano. In most respects, the instrument has not changed much since Mozart. Around the world, in living rooms and dens and concert halls and rehearsal halls, there are some 40 million pianos, and for the most part they simply sit. Market growth is stagnant, in polite terms. In business terms, the industry is already in decline, and Korean producers are now coming on-line with their usual low-cost offerings. Competing just to hold share is not an attractive prospect. Making better pianos will not help much; the market has only a limited ability to absorb additional volume. What do you do? What can you do?

According to some analysts, the right move would be to divest the business, labeling it a dog that no longer belongs in the corporate portfolio. But Yamaha reacted differently. Rather than selling the business, Yamaha thought long and hard about how to create value for customers. It took that kind of effort—the answers were far from obvious.

What Yamaha's managers did was look—they took a hard look at the customer and the product. What they saw was that most of these 40 million pianos sit around idle and neglected—and out of tune—most of the time. Not many people play them anymore—and one thing learning to play the piano takes is lots of time. What sits in the homes of these busy people is a large piece of furniture that collects dust. Instead of music, it may even produce guilt. Certainly it is not a functioning musical instrument. No matter how good you are at strategy, you won't be able to sell that many new pianos—no matter how good they are—in such an environment. If you want to create

value for customers, you're going to have to find ways to add value to the millions of pianos already out there.

So what do you do? What Yamaha did was to remember the old player piano—a pleasant idea with a not very pleasant sound. Yamaha worked hard to develop a sophisticated, advanced combination of digital and optical technology that can distinguish among 92 different degrees of strength and speed of key touch from pianissimo to fortissimo. Because the technology is digital, it can record and reproduce each keystroke with great accuracy, using the same kind of 3 1/2-inch disks that work on a personal computer. That means you can now record live performances by the pianists of your choice—or buy such recordings on a computerlike diskette—and then, in effect, invite the artists into your home to play the same compositions on your piano. Yamaha's strategy used technology to create new value for piano customers.

Think about it. For about \$2,500 you can retrofit your idle, untuned, dust-collecting piece of oversized furniture so that great artists can play it for you in the privacy of your own home. You can invite your friends over and entertain them as well—and showcase the latest in home entertainment technology. If you are a flutist, you can invite someone over to accompany you on the piano and record her performance. Then, even when she is not there, you can practice the piece with full piano accompaniment.

Furthermore, if you have a personal computer at home in Cambridge and you know a good pianist living in California, you can have her record your favorite sonata and send it over the phone; you simply download it onto your computer, plug the diskette into your retrofitted piano, and enjoy her performance. Or you can join a club that will send you the concert that a Horowitz played last night at Carnegie Hall to listen to at home on your own piano. There are all kinds of possibilities.

In terms of the piano market, this new technology creates the prospect of a \$2,500 sale to retrofit each of 40 million pianos—not bad for a declining industry. In fact, the potential is even greater because there are also the software recordings to market.

Yamaha started marketing this technology in the late 1980s, and sales in Japan have been explosive. This was a stagnant industry, remember, an industry which had suffered an annual 10% sales decline in each of the previous five years. Now it's alive again—but in a different way. Yamaha did not pursue all the usual routes: it didn't buckle down to prune costs, proliferate models, slice overhead, or use all the other usual approaches. It looked with fresh eyes for chances to create value for customers. And it found them.

It also found something else: it learned that the process of discovering value-creating opportunities is itself contagious. It spreads. For instance, now that customers have pianos that play the way Horowitz may have played at Carnegie Hall, they want their instrument tuned to professional standards. That means a tuner visits every six months and generates substantial additional revenue. (And it is substantial. Globally, the market for tuning is roughly \$1.6 billion annually, a huge economic opportunity long ignored by piano manufac-

turers and distributors.) Yamaha can also give factory workers who might otherwise lose their jobs a chance to be tuners.

As the piano regains popularity, a growing number of people will again want to learn how to play the instrument themselves. And that means tutorials, piano schools, videocassettes, and a variety of other revenue-producing opportunities. Overall, the potential growth in the piano industry, hardware and software, is much bigger than anyone previously recognized. Creating value for the customer was the key that unlocked it.

But what about people's reluctance today to spend the time to learn piano the old-fashioned way? We are a society that prizes convenience, and as the many years of declining piano sales illustrate, learning to play a musical instrument is anything but convenient. Listening to music, as opposed to making music, is more popular than ever. Look at all the people going to school or to the office with earphones on; music is everywhere. It's not interest in music that's going down; it's the interest in spending years of disciplined effort to master an instrument. If you asked people if they would like to be able to play an instrument like the piano, they'd say yes. But most feel as if they've already missed the opportunity to learn. They're too old now; they don't have the time to take years of lessons.

With the new digital and sound-chip technologies, they don't have to. Nor do they have to be child prodigies. For \$1,500 they can buy a Klavinova, a digital electronic piano, that allows them to do all kinds of wonderful things. They can program it to play and then croon along. They can program it to play the left-hand part and join in with a single finger. They can listen to a tutorial cassette that directs which keys to push. They can store instructions in the computer's memory so that they don't have to play all the notes and chords simultaneously. Because the digital technology makes participation easy and accessible, "playing" the instrument becomes fun. Technology removes the learning barrier. No wonder this digital segment is now much bigger than the traditional analog segment of the market.

Most piano manufacturers, however, are sticking with traditional acoustic technologies and leaving their futures to fate. Faced with declining demand, they fight even harder against an ever more aggressive set of competitors for their share of a shrinking pie. Or they rely on government to block imports. Yamaha has not abandoned acoustic instruments; it is now the world leader in nearly all categories of acoustic and "techno" musical instruments. What it did, however, was to study its music-loving customers and build a strategy based on delivering value linked to those customers' inherent interest in music. It left nothing to fate. It got back to strategy.

— CLEANING UP

This is how you chart a middle course between the Koreans and the Germans; this is how you revitalize an industry. More to the point, this is how

you create a value-adding strategy: not by setting out to beat the competition but by setting out to understand how best to provide value for customers.

Kao is a Japanese toiletry company that spends 4% of its revenues on fundamental R&D, studying skin, hair, blood, circulation—things like that. (This 4% may, at first, sound low, but it excludes personnel cost. This matters because as many as 2,800 of the company's 6,700 or so employees are engaged in R&D.) Recently it developed a new product that duplicates the effect of a Japanese hot spring. A hot spring has a high mineral content under extreme pressure. Even the right chemical thrown into a hot bath will not automatically produce the same effect. Babu, Kao's new bath additive, actually produces the same kind of improvement in circulation that a hot spring provides. It looks like a jumbo-sized Alka-Seltzer tablet. When you throw one Babu into a bath, it starts to fizz with carbon dioxide bubbles as minerals dissolve in the hot water.

Kao's strategy was to offer consumers something completely different from traditional bath gel. Because of its effects on overall health and good circulation, Babu competes on a different ground. In fact, it wiped out the old Japanese bath gel and additives industry in a single year. It's the only product of its kind that now sells in Japan. There is no competition because potential competitors cannot make anything like it. Kao is playing a different game.

For the new breed of Japanese companies, like Yamaha and Kao, strategy does not mean beating the competition. It means working hard to understand a customer's inherent needs and then rethinking what a category of product is all about. The goal is to develop the right product to serve those needs—not just a better version of competitors' products. In fact, Kao pays far less attention to other toiletry companies than it does to improving skin condition, circulation, or caring for hair. It now understands hair so well that its newest hair tonic product, called Success, falls somewhere between cosmetics and medicine. In that arena, there is no competition.

BREWING WISDOM

Getting back to strategy means getting back to a deep understanding of what a product is about. Some time back, for example, a Japanese home appliance company was trying to develop a coffee percolator. Should it be a General Electric-type percolator, executives wondered? Should it be the same drip-type that Philips makes? Larger? Smaller? I urged them to ask a different kind of question: Why do people drink coffee? What are they looking for when they do? If your objective is to serve the customer better, then shouldn't you understand why that customer drinks coffee in the first place? Then you know what kind of percolator to make.

The answer came back: good taste. I then asked the company's engineers what they were doing to help the consumer enjoy good taste in a cup of coffee. They said they were trying to design a good percolator. I asked them what influences the taste of a cup of coffee. No one knew. That became the next

question we had to answer. It turns out that lots of things can affect taste—the beans, the temperature, the water. We did our homework and discovered all the things that affect taste. For the engineers, each factor represented a strategic degree of freedom in designing a percolator—that is, a factor about which something can be done. With beans, for instance, you can have different degrees of quality or freshness. You can grind them in various ways. You can produce different grain sizes. You can distribute the grains differently when pouring hot water over them.

Of all the factors, water quality, we learned, made the greatest difference. The percolator in design at the time, however, didn't take water quality into account at all. Everyone had simply assumed that customers would use tap water. We discovered next that the grain distribution and the time between grinding the beans and pouring in the water were crucial. As a result, we began to think about the product and its necessary features in a new way. It *had* to have a built-in dechlorinating function. It *had* to have a built-in grinder. All the customer should have to do is put in water and beans; the machine should handle the rest. That's the way to assure great taste in a cup of coffee.

To start you have to ask the right questions and set the right kinds of strategic goals. If your only concern is that General Electric has just brought out a percolator that brews coffee in ten minutes, you will have your engineers design one that brews it in seven minutes. And if you stick with that logic, market research will tell you that instant coffee is the way to go. If the General Electric machine consumes only a little electricity, you will focus on using even less.

Conventional marketing approaches won't solve the problem. You can get any results you want from the consumer averages. If you ask people whether they want their coffee in ten minutes or seven, they will say seven, of course. But it's still the wrong question. And you end up back where you started, trying to beat the competition at its own game. If your primary focus is on the competition, you will never step back and ask what the customer's inherent needs are or what the product really is about. Personally, I would much rather talk with three homemakers for two hours each on their feelings about, say, washing machines than conduct a 1,000-person survey on the same topic. I get much better insight and perspective on what customers are really looking for.

TAKING PICTURES

Back in the mid-1970s, single-lens reflex (SLR) cameras started to become popular, and the popularity of lens-shutter cameras rapidly declined. To most people, the lens-shutter model looked cheap and nonprofessional, and it took inferior quality pictures. These opinions were so strong that one camera company with which I was working had almost decided to pull out of the lens-shutter business entirely. Everyone knew that the trend was toward SLR and that only a better version of SLR could beat the competition.

I didn't know. So I asked a few simple questions: Why do people take pictures in the first place? What are they really looking for when they take pictures? The answer was simple. They were not looking for a good camera. They were looking for good pictures. Cameras—SLR or lens-shutter—and film were not the end products that consumers wanted. What they wanted were good pictures.

Why was it so hard to take good pictures with a lens-shutter camera? This time, no one knew. So we went to a film lab and collected a sample of some 18,000 pictures. Next we identified the 7% or so that were not very good; then we tried to analyze why each of these picture-taking failures had occurred. We found some obvious causes—even some categories of causes. Some failures were the result of poor distance adjustment. The company's design engineers addressed that problem in two different ways: they added a plastic lens designed to keep everything in focus beyond three feet (a kind of permanent focus), and they automated the focus process.

Another common problem with the bad pictures was not enough light. The company built a flash right into the camera. That way, the poor fellow who left his flash attachment on a closet shelf could still be equipped to take a good picture. Still another problem was the marriage of film and camera. Here the engineers added some grooves on the side of the film cartridges so that the camera could tell how sensitive the film is to light and could adjust. Double exposure was another common problem. The camera got a self-winder.

In all, we came up with some 200 ideas for improving the lens-shutter camera. The result—virtually a whole new approach to the product—helped revitalize the business. Today, in fact, the lens-shutter market is bigger than that for SLRs. And we got there because we did a very simple thing: we asked what the customer's inherent ends were and then rethought what a camera had to be in order to meet them. There was no point slugging it out with competitors. There was no reason to leave the business. We just got back to strategy—based on customers.

MAKING DINNER

There is no mystery to this process, no black box to which only a few gurus have access. The questions that have to be asked are straightforward, and the place to start is clear. A while ago, some people came to me with a set of excellent ideas for designing kitchen appliances for Japanese homes. They knew cooking, and their appliances were quite good. After some study, however, I told them not to go ahead.

What I did was to visit several hundred houses and apartments and take pictures of the kitchens. The answer became clear: there was no room. Things were already stacked on top of the refrigerators; the counters were already full. There was no room for new appliances, no matter how appealing their attributes.

Thinking about these products, and understanding the customer's needs, however, did produce a different idea: build this new equipment into something that is already in the kitchen. That way there is no new demand for space. What that led to, for example, was the notion of building a microwave oven into a regular oven. Everyone looked at the pictures of 200 kitchens and said, no space. The alternative was, rethink the product.

— ACHING HEADS, BAD LOGIC

Looking closely at a customer's needs, thinking deeply about a product—these are not exotic pieces of strategic apparatus. They are, as they have always been, the basics of sound management. They have just been neglected or ignored. But why? Why have so many managers allowed themselves to drift so far away from what strategy is really about?

Think for a moment about aching heads. Is my headache the same as yours? My cold? My shoulder pain? My stomach discomfort? Of course not. Yet when a pharmaceutical company asked for help to improve its process for coming up with new products, what it wanted was help in getting into its development pipeline new remedies for standard problems like headache or stomach pain. It had assembled a list of therapeutic categories and was eager to match them up with appropriate R&D efforts.

No one had taken the time, however, to think about how people with various discomforts actually feel. So we asked 50 employees in the company to fill out a questionnaire—throughout a full year—about how they felt physically at all times of the day every day of the year. Then we pulled together a list of the symptoms described, sat down with the company's scientists, and asked them, item by item: Do you know why people feel this way? Do you have a drug for this kind of symptom? It turned out that there were no drugs for about 80% of the symptoms, these physical awarenesses of discomfort. For many of them, some combination of existing drugs worked just fine. For others, no one had ever thought to seek a particular remedy. The scientists were ignoring tons of profit.

Without understanding customers' needs—the specific types of discomfort they were feeling—the company found it all too easy to say, "Headache? Fine, here's a medicine, an aspirin, for headache. Case closed. Nothing more to do there. Now we just have to beat the competition in aspirin." It was easy not to take the next step and ask, "What does the headache feel like? Where does it come from? What is the underlying cause? How can we treat the cause, not just the symptom?" Many of these symptoms, for example, are psychological and culture-specific. Just look at television commercials. In the United States, the most common complaint is headache; in the United Kingdom, backache; in Japan, stomachache. In the United States, people say that they have a splitting headache; in Japan it is an ulcer. How can we truly understand what these people are feeling and why?

The reflex, of course, is to provide a headache pill for a headache—that is, to assume that the solution is simply the reverse of the diagnosis. That is bad medicine and worse logic. It is the kind of logic that reinforces the impulse to direct strategy toward beating the competition, toward cutting costs when making traditional musical instruments or adding a different ingredient to the line of traditional soaps. It is the kind of logic that denies the need for a detailed understanding of intrinsic customer needs. It leads to forklift trucks that pile up boxes just fine but do not allow the operators to see directly in front of them. It leads to dishwashers that remove everything but the scorched eggs and rice that customers most want to get rid of. It leads to pianos standing idle and gathering dust.

Getting back to strategy means fighting that reflex, not giving in to it. It means resisting the easy answers in the search for better ways to deliver value to customers. It means asking the simple-sounding questions about what products are about. It means, in short, taking seriously the strategic part of management.

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DISCUSSION QUESTIONS

1. A company does well to try to beat its competition by offering something better—quality, distribution, price, for example. Does this strategy always work? Are there instances where it has not proved effective? Are there costs to this strategy?
2. Assume a company's strategy is not predicated on beating the competition but on fulfilling customer requirements. Think of a product or service and describe how the strategy of meeting customer needs would differ from beating the competition.
3. The Japanese marketing philosophy tries to drive prices down to capture and build market share at any cost. Western companies' philosophy is to make money by keeping prices and margins up. Which philosophy do you favor, and why?
4. Assume your company has launched a good product and it is not catching on in the market. What might be some of the reasons for this situation?
5. Using the ideas presented in this reading, describe your options for making a decision about the scenario given in question 4.