Business is Not War or Sport: Strategy is about customers, not competitors

Companies have to design marketing strategies to attract and retain customers in the long-run

Strategy is about choice whether to win competitors or customers. Strategy has two perspectives: Zero-sum and Positive-sum. Zero-sum says, "It is not enough that I succeed. Everyone else must fail". Positive-sum says, "Focus on what really matters to create better customer value and more market size". The success of any company depends on whether their focus is on competitors or customers; whether they treat business as war or as business. The different approaches of businesses are discussed below.

Strategy is about making choices on what an organization will seek to achieve and how it will deliver value. Strategy defines the organization's distinctive approach to competing and the competitive advantages on which it will be based. Strategy is not about running the same race better, but a different race altogether. Competitive strategy is about being different.

Strategy of War: Zero-Sum Game	Strategy of Business: Positive-Sum Game
• Companies beat their rivals in ways that don't meaningfully enhance customer-perceived value. Such moves rarely grow the total market For example, GM and Ford went to war with Japanese in the late 1970s and 80s without providing any better customer value	• Companies are disproportionately rewarded when they create new value for customers and grow the market for everyone For example, Starbucks became a global icon in less than 20 years; but also created millions of new customers and many coffee players
• When strategy is about competitors, leaders lose focus on the unlimited opportunities to grow customer value • For example, Steve Jobs pledged to destroy the Android operating system and introduced inferior Apple's version of Google's Maps to inflict harm on the competition. Customers revolted and Apple apologized for its wrong doing	• New customer value expands the pie for everyone while giving the company a bigger slice of the pie
• Making strategy about competitors is highly destructive • For example, Kodak lost sight of the digital revolution because it was at war with Fuji over market share	• Understand competitors' value proposition to improve your own value proposition • For example, JetBlue systematically studied traditional airlines offerings and offered better value proposition such as media consoles for every passenger, comfortable leather upholstery with more leg room, multiple health food options etc.
• We inherently tempted to think of business as war or sport • For example, 'beat Coke' if your are Pepsi, 'buy Detroit' if you are Chrysler, 'holy war with Google' if you are Apple	• Companies cannot be successful if they cannot bring better products and total value propositions to customers • It is not about competitors, it is about customers and better value proposition.

Topic	Course
Strategies: Marketing and competitive strategies: Unit 10.5	Marketing Management

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