

Porter's generic strategies



Generally, Porter's strategies are vital for any business that seeks to gain competitive advantage. The three strategies of cost leadership, differentiation, and focus or niche strategy together form the fundamental requirement for any business to achieve business advantage. In the current global business arena, there are many choices a buyer can make. That is, he/she will choose a product that fits his/her taste, quality standard, and cost among other variables. All these variables that determine customer choice are all embedded in Porter's strategy (Michael, 1985).

To start with, for any business to gain competitive advantage, lower cost of production is essential. Porter saw this element of lowering costs as fundamental in gaining competitive advantage and controlling market share. Lower cost of production means that the firm is able to offer lower prices than competitive firms, hence, controlling the market. This is vital in today's business. Importantly, having a constructive cost leadership as a defensible strategy in many instances, shields the firm from entry of new competing firms. Lastly, I firmly accept the conditions Porter identified in order to achieve low cost of production. For instance, technological advancement he identified remains as the only viable means to lower production costs (Harrison and Enz, 2005).

Differentiation is another element identified by Porter that is very popular in the business world. The whole concept of differentiation is to create your own market by being unique. That is, to attract customers where there are many firms offering the same product, a firm must try and include something those others don't have. The best sure ways of differentiation have also been identified to include, increasing features in a product, creating a vibrant

brand, and producing a different design among others. In summary, I do believe with Porter's theory of differentiation since it is the best way to insulate a firm from competitive firms (Wright et. al, 1990).

Besides the strategies of differentiation and lower costs, focus or niche strategy also play a crucial role in the business industry. That is, whereas the first two strategies focus on the company's macro-level structure, focus strategy breaks the company down to a particular product, customer or geographical location. This is in recognition of the fact that different customers or geographical zones have different demands that the company must meet differently. Focus or Niche strategy therefore helps the company to meet individual needs of customers. I therefore contend that Porter's work is great and is vital for any company that wants to gain huge competitive advantage in the market (William, 1979).

In terms of application, I do find Porter's strategies really massive and requiring a lot of capital investment. That is, small businesses trying to gain a glimpse of the market share may find it difficult to conceptualize these strategies. I would therefore think of the financial status of my business before deciding on the application of these strategies. The reason being that any hasty attempt that does not take into account the risks involved is likely to jeopardize the business to a stand still.