

# [Generic strategies model by charles o. godornes](https://assignbuster.com/generic-strategies-model-by-charles-o-godornes/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/)

﻿Generic Strategies Model by Charles O. Godornes   
  
Six Thousand Promotions and Store, Indie Tees Shop and Meet up Station are retail firms that carries different brands of clothing line’s who sells T – shirts to their market. These retail firms exhibit and bear their own store concept. Six Thousand Promotions and Store has a graffiti type of ambience, Indie Tees posses a modern look and feel of their shop and Meet up Station has a “ fell at home” ambience in their store. As a retail firm, these 3 shops cater to the wholesaling of their products, reservations, promotions of shirts and international and nationwide deliveries. In order for these businesses to be successful they have to follow and practice a certain Generic Strategic model which would be Cost – Leadership, Differentiation or Focus. Cost – Leadership is where a business has a low level of differentiation or low level of costs in order to have a competitive market price edge to the market. Businesses that wish to venture and be successful in this type of strategy must focus on lowering their costs and offer value to their customers by producing effective products. Companies should be alert in controlling and monitoring their production costs, overhead costs, and their costs on research and development and in their service costs, so that they could offer a competitive price to the market. Companies should also invest in state-of the-art manufacturing technology in order to lower their costs which would lead to its primary goal which is having competitive market price. In differentiation strategy, businesses create value to their market by offering products which are unique in features and in characteristics; these are products that meets the customers’ preference and satisfaction by charging customers with a premium price. Companies that practice differentiation strategy must charge its customers with a premium price in order to attain its unique products which satisfies and meets the customer’s preference by producing high – end quality products which would also charge companies higher costs. In order for companies to have differentiated products they have to have superior quality, advanced technological features and etc. And in focus strategy, companies focus and pay very close attention to its core competencies or in its smaller segments to offer its products to a particular group of customers in the market, this strategy is commonly used by smaller companies. Companies use focus strategy because they can serve a particular market effectively than a larger market, companies can focus their resources to chain activities in order to have a competitive edge and companies can also minimize its costs on research and development by copying to other large companies’ innovation. Going back to the three retail firms which cater T – shirts to its market, it is best and beneficial for these retail firms to use the Cost – Leadership strategy. Because T – shirts is not technology, thus they should lower their product costs in order to create value to their customers and have a competitive market price. These retail firms do not need to focus on having unique features and characteristics because they are not dealing with technology such as cell phones and MP3 players which needs constant innovation. Cost – Leadership is expected to work on these kinds of retail firms because it is the most practical and effective choice by definition a T – shirt retailer can practice.   
References   
Open Learning World. (1999 - 2010). Cost – Leadership Strategy Retrieved from   
http://www. openlearningworld. com/olw/courses/books/Business%20Strategies/Business%20Strategy/Cost-Leadership%20Strategy. html   
Open Learning World. (1999 - 2010). Differentiation Strategy Retrieved from   
http://www. openlearningworld. com/olw/courses/books/Business%20Strategies/Business%20Strategy/Differentiation%20Strategy. html   
Open Learning World. (1999 - 2010). Focus Strategy Retrieved from   
http://www. openlearningworld. com/olw/courses/books/Business%20Strategies/Business%20Strategy/Focus%20Strategies. html