

Good example of overstock.com strategy essay

[Business](#), [Company](#)



Overstock. com is an online retailer. The industry in which it operates in has plenty of competition. Due to hectic competition, the margins of the companies operating in the industry have already been squeezed and the only strategy that a market entrant can use is to offer something extra to the customers.

Overstock. com should focus on a differentiation strategy. Overstock. com is operating in a highly competitive industry. It should offer something more than the cost in order to achieve success. Hence, differentiation strategy is something that would earn the company a good name in the market, and there will be more chances for the company to succeed.

Differentiation strategy means that the company will have to offer something unique to the customers that other companies are not offering. It can be providing extra-ordinary customer support to the customer or return-policy which is better than the competitors. Overstock. com is a retail business.

Most of the firms in the industry would be working on very low margins and hence cost-leadership in this industry is very difficult to achieve. Overstock. com can offer its customers free delivery and free returns. It will not charge anything if any of its customers want to return the merchandise it purchased from Overstock. com. The return policy or the time in which the customer can return the product if it is malfunctioning or the customer does not like it should be greater than its competitors. It should be at least three days more than what the competitors or other market player are offering. This strategy will help the company into achieving success and beating its competitors.

Grand Strategy Selection Matrix will help the company choose its course. In the case of Overstock. com, it is better for the company to use its internal

sources for growth. The company falls in the fourth quadrant of Grand Strategy Selection Matrix. The company should open more outlets. It should also hire more delivery rider . Since, this will be a new concept; it will come under new product development. The company can charge premium on its service since it will be a new service. This way the company will also target those customers who are wary of buying things online, and it will expand the horizons of the company into new markets. The company should also carry out marketing campaigns in order to encourage people to buy more from Overstock. com. These campaigns should portray that it is safe to buy online. This will bring in a new market for the company, and it will give great chance to the company to grow into new markets and to increase its customer base. (Daft, 2005)

Similarly, the company should offer Cash-on-Delivery service. This will ensure that customer will not have to necessarily pay through their credit cards; instead, the company rider will collect the money from the customer at the time of delivering an order. This way those customers who are wary of using their credit cards online, can be portrayed that shopping at Overstock. com is extremely safe and that there is no chance of getting a card and information hacked. All of this will help the company to grow and to target new market and new customers which will in turn increase the profitability of the company. (Kerin & Hartley, 2013)

References:

Kerin, R., & Hartley, W. (2013). *Marketing* (11th ed.). New York, NY: McGraw Hill.

Daft, R. (1995). Management (5th ed.) New York, NY: The Dryden Publications