

# [Cost leadership strategy business comparison](https://assignbuster.com/cost-leadership-strategy-business-comparison/)

Identify two very different organizations that compete on a cost leadership strategy and explain how they do this, i. e. find out what they do that enables them to keep their prices low.

Introduction

What is difference between manager and a leader? This is a question that asked more than one and answered in many ways. The big difference between manager and a leader is they motivate peoples who work or follow them. By the way , many peoples are act in both roles , they have the management jobs, but they realize that they can not buy heart , especially follow them down a diffcult path, and so act as leaders too.

1. 1 Manager

Management which is the organization and coordination of the activities of an enterprise in accordance with certain policies and in achievement of defined objectives. A Manager is the person responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary. Managers have a position of authority vested in them by the company, and their subordinates work for them and largely do as they are told.

As a manager, in all his work within the scope are under the management and administrative. Managers are paid to get things done, they are subordinates too, often within tight constraints of time and money. They thus naturally pass on this work focus to their subordinates. Work under the administrator is qualified for all work and maintain, without change. As a manager in the management all structures and systems are oriented. All the positions are set by the system, and work is also to go along with the system. In the management system, managers are being controlled, including time, work, and salary. In other way , the manager need to focus on bottom line and control the complete the attention of all the work off the assembly line. Leadership is just one important component of the directing function. A manager cannot just be a leader, he also needs formal authority to be effective. For any quality initiative to take hold, senior management must be involved and act as a role model. This involvement cannot be delegated.

1. 2 Leader

Leadership which is academics have great difficulty in defining what a leader is, or pinpointing the reason behind an organisation’s success. A leader who impact the realization of a goal to achieve a group of people. A leader by its meaning is one who goes first and leads by example, so that others are motivated to follow him. This is a basic requirement. To be a leader, a person must have a deep-rooted commitment to the goal that he will strive to achieve it even if nobody follows him.

As a leader, should have innovative ideas and the establishment of a management system without having to be free of innovation. And this will improve a leader’s ability.

When a leader of the freedom of growth and development. Leader development focuses on the development of the leader, such as the personal attributes desired in a leader, desired ways of behaving, ways of thinking or feeling. The other set of behaviors is referred to as people-oriented style, where the leader provides a more supportive role in providing a positive work environment. In a group where all the members do not allow the system to be controlled, the development of all are free. And all the members are relying on trust to maintain. Besides , as a leader need take care of his own group and motivate the group. The leaders just need to focus on the horizon members only and teach the horizon members to lead their own groups. This will lead the team with team spirit.

1. 3 Manager and Leader

Managers think incrementally, whilst leaders think radically. Managers do things right, while leaders do the right thing. This means that managers do things by the book and follow company policy, while leaders follow their own intuition, which may in turn be of more benefit to the company. A leader is more emotional than a manager . Men are governed by their emotions rather than their intelligence . This quotation illustrates why teams choose to follow leaders. Leaders stand out by being different. They question assumption and are suspicious of tradition. They seek out the truth and make decisions based on fact, not prejudice. They have a preference for innovation.

A leader is someone who people naturally follow through their own choice, and managers must comply. A manager may only be passed to give the company time and the power of loyalty to their own position, not because of his leadership results. A leader may not have organizational skills, but his vision of the people rally behind him.

1. 4 Conclusion

Management and leadership are two different ways organizations. Managers use a formal, rational method, and the use of the leaders of the enthusiasm and aroused emotions. William Wallace is a good example of a wise leader, but must not be considered manager.

2. 0 Introduction

Operating a successful business strategy is based. But there are, of course, different types of business strategy. Among one of the business strategy is cost leadership strategy. Companies choose cost leadership strategies unique features or customer can accept the relatively standardized product. In other words, with the lowest levels of differentiation and the lowest price competitive. Companies want to be a cost leadership strategy the following must be maintained at lower costs, create value for our customers ongoing efforts to target success.

2. 1 Mass Market

Mass marketing is product advertising maximum exposure to consumers. This is opposite to where the idea of niche markets and sell products is to promote a specific target market. The target market is identified through research as the most likely to buy a product to consumers part of. Mass marketing also operating the business with products caters for all or public which sell considerably cheap in the perception of consumers. Take a look in a example that Ramly burger and Macdonald burger , Ramly burger is cheaper than Macdonald burger because Ramly burger just a normal tiny business and Ramly burger just only can buy in Malaysia. Macdonald more expensive because it is an international networking business and their cost is higher , some more need register trademarks and a lot of law enforcements stuffs to protect their rights. Besides , Macdonald is one of the top global brands, branding is expensive need a lot of constant advertising.

In other way , how does the Ramly burger to keep their price low? By reducing cost , Ramly burger no need to actually rent a land or building to sell , just need to place at a roadside stall to sell it. The supplier also will be cheaper and this make all the cost lower already. Ramly burger din’t provide a good enviroment for customers just at the roadside , so the cost will reduce too. Some more , Ramly burger no need to register trademarks and a lot of law enforcement stuffs so their cost will be lower. Besides , process for make the burger is easier and faster also , customers just need to wait about few minutes only. Ramly burger provided a good services such as faster , cheaper and easier.

2. 2 Niche Market

Niche market focus on a small population, but specific and clear of all marketing segments. Niches do not exist, but create to determine the needs, desires and not being addressed or not by other companies, and develop and deliver goods or services to meet their requirements. Niche market operating with products cater for a particular segment of consumers which sell at considerably cheap but premium in the perception of consumers. As a strategy, niche marketing is aimed at being a big fish in a small pond instead of being a small fish in a big pond. For example , Old Town Coffee Shop and Starbucks Coffee Shop , even though Starbucks more expensive than Old Town but still have many peoples willing to pay the premium price for the Starbucks’s coffee. Starbucks more famous than Old Town , can be compare with the brand. Then, Starbucks provide internet access and better enviroment compare with Old Town. Old Town cheaper than Starbucks and a lot types of drinks and foods to order too. Starbucks coffee is more expensive because the cost is higher and Starbucks there have varieties of coffee such as latte , cappuccino , espresso , blended and many more.

Why peoples willing to pay premium price for the products? Now the people of this age, everyone says the standard of living, it is necessary to improve their standard of living, with a good eat well, so now the people of this age are willing to spend a lot of money in his own body, so let his comfort. Even the Starbucks products’s price is higher but still have a lot peoples willing to pay the premium price for the coffees to improve their standard of living. Besides, starbucks coffee has many types of tricks such as latte, cappuccino, espresso, blended and many more, is because of this it has attracted many customers willing to pay premium price for the coffees.

2. 4 Conclusion

Whether expensive or cheap products, will have its own intrinsic value. Usually get a lot of people will put the lowest cost to the most appropriate price. Even then the high value products, it is still the same living standards in pursuit of will buy.

Cost leadership strategy may have a low customer loyalty short comings, such as price-sensitive customers will switch a low-cost alternative product available. One as the cost leader’s reputation may also lead to lower quality status, which may cause a company is difficult to rename itself or product in the future if it chooses to transfer to a different strategy.